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NAVAL POSTGRADUATE SCHOOL

Monterey, California



THESIS

F52244

A DICTIONARY OF ACQUISITION AND CONTRACTING TERMS II

by

Richard A. Florek

December, 1989

Thesis Advisor:

David V. Lamm

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A Dictionary of Acquisition and Contracting Terms II

by

Richard A. Florek
Captain, Transportation Corps, United States Army
B.S., Ball State University, 1980

Submitted in partial fulfillment
of the requirements for the degree of

MASTER OF SCIENCE IN MANAGEMENT

from the

NAVAL POSTGRADUATE SCHOOL
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ABSTRACT

This thesis is a continuation of research initiated by LCDR Daniel Ryan, SC, USN to establish a basis for defining words and terms used in the field of contracting. As in LCDR Ryan's thesis, this work used the methodology of selecting 25 terms for synthesis, surveying a selected group of National Contract Management Association (NCMA) Fellows for input into present definitions used in the contracting field, and synthesizing final definitions from the Fellows' input. Their feedback was used to arrive at an acceptable definition of the words and terms offered. Concurrent research in this area is being conducted by students at the Naval Postgraduate School, Monterey, California and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Dayton, Ohio. This effort is being coordinated under the sanction of the NCMA.

TABLE OF CONTENTS

I. INTRODUCTION	1
A. GENERAL	1
B. OBJECTIVES	2
C. RESEARCH QUESTION, BENEFITS, AND ASSUMPTIONS	3
D. RESEARCH METHODOLOGY	4
E. LITERATURE REVIEW	8
F. ORGANIZATION OF THE STUDY	9
II. RESYNTHESIS OF SELECTED TERMS	10
A. INTRODUCTION	10
B. TERM ANALYSIS	12
C. SUMMARY	20
III. ANALYSIS OF SELECTED TERMS	21
A. INTRODUCTION	21
B. TERM ANALYSIS	21
C. SUMMARY	30
IV. ANALYSIS OF REMAINING TERMS	32
A. INTRODUCTION	32
B. TERM ANALYSIS	32
C. SUMMARY	57

V. CONCLUSIONS AND RECOMMENDATIONS	58
A. INTRODUCTION	58
B. CONCLUSIONS	58
C. RECOMMENDATIONS	60
D. RESEARCH QUESTION ANSWER	62
E. GENERAL COMMENTS	62
F. SUMMARY	63
REFERENCES	65
APPENDIX A: PROPOSED DEFINITIONS BASED UPON THE CONSENSUS PROCEDURE	67
APPENDIX B: PUBLISHED DEFINITIONS	74
APPENDIX C: COVER LETTER AND QUESTIONNAIRE	86
A. COVER LETTER	87
B. QUESTIONNAIRE	88
APPENDIX D: LCDR RYAN’S PROPOSED DEFINITIONS	97
APPENDIX E: RESEARCH TERMS	103
INITIAL DISTRIBUTION LIST	107

I. INTRODUCTION

A. GENERAL

This thesis is part of a concurrent effort being conducted by the Naval Postgraduate School (NPS), Monterey, California, and the Air Force Institute of Technology (AFIT), Wright-Patterson Air Force Base, Dayton, Ohio, to create a Dictionary of Acquisition and Contracting Terms. This research has been endorsed by the National Contract Management Association (NCMA). This is a continuation effort which was initiated by Lieutenant Commander Daniel F. Ryan, United States Navy, at NPS to provide the baseline terms to be incorporated into the final dictionary.

The creation and recording of the meaning of the lexicon used to conduct business is a fundamental step often disregarded in the evolution of a discipline. This lack of such definitization within DOD and Federal Government contracting has led to confusion. The need to have a standard language which is clearly understood and defined is rudimentary to future evolution and development of the contracting discipline. This thesis is one step towards establishing that contracting language.

Various texts and schools have attempted to assemble elements of definitions within their limited applications not focusing upon a national basis. This has resulted in a disparity in the terms used in the field. The assembly and determination of a common language for contracting and acquisition with a national view is needed to correct this disparity. LCDR Daniel Ryan's thesis, A Dictionary of Acquisition and Contracting Terms, September, 1988, was the first attempt at baselining acquisition terms [Ref. 1]. Follow-on thesis research has been completed by Captain John Canaday, US Air Force, AFIT. At NPS, Lieutenants Daniel

Downs and Thomas Prien, along with this researcher, are continuing this effort. Also, three graduate students at AFIT have been identified to expand this research effort.

LCDR Ryan's proposed definitions are included in Appendix D. The terms that have been completed by CPT Canaday are in Appendix E along with a listing of the terms selected by LT Prien and LT Downs.

B. OBJECTIVES

In his thesis, LCDR Ryan presented a discussion to answer the question "WHY BASELINE TERM MEANINGS?" In summary, the discussion focused on the need for effective communication and the importance of a common language in satisfying that need. He identified communication as the basic foundation of Federal Government contracting and stated that communication is impossible without agreed upon baseline term meanings. This researcher agrees with this premise and further agrees with LT Ryan's assessment that not only the Federal Government, but business and industry as well, must agree on the definition of contracting related words and terms.

This research will be a continuation of earlier research into synthesizing and standardizing the meaning of the vocabulary used to conduct everyday business in the contracting and acquisition field. The results of these research efforts will be used in establishing and publishing a dictionary of terms to be used in providing a formalized uniform vocabulary within the profession. It is a goal of those involved in this effort that the dictionary will provide the baseline definitions to enable those in contracting to effectively communicate, establishing a basic foundation of the contracting profession.

The assembly and determination of a common language for contracting and acquisition has been long overdue. In order for the Government to speak a common language, all

participants must be using and interpreting terms unilaterally. Until now, no consolidated national effort has been undertaken in this regard.

LCDR Ryan's and CPT Canaday's proposed definitions, along with the definitions proposed by the other researchers mentioned above, will be submitted to the NCMA for reprint in Contract Management, a nationally distributed publication for contracting professionals, to solicit further input into the definitions. The research effort will continue until such time as a preponderance of agreement by contracting personnel is obtained to support adoption of the dictionary as a basis of contracting and acquisition language with carryover acceptance in the business community.

The objective of this thesis is to synthesize 25 terms used within the contracting field. After synthesis and a validation process, those 25 terms will become part of a dictionary of contracting terms to be used within the contracting profession. It is hoped that the standardization of these terms will help in the continuing thrust for the professionalization of contracting.

C. RESEARCH QUESTION, BENEFITS, AND ASSUMPTIONS

As this is a continuation of LCDR Ryan's thesis and an effort to standardize concurrent work, the research question is the same as was used by LCDR Ryan. The research question addressed in this thesis is:

To what extent can standard meanings be arrived at in the evolving field of contracting in which words are used with various meanings?

It was difficult to identify all the benefits to be derived from this dictionary effort. Two easily identifiable benefits are:

1. A published reference for acquisition and contracting language will be established. This will immediately assist in training of personnel, elimination of definition misunderstandings, and increased efficiencies.

2. There will be a better understanding of terms and definitions used within the contracting field.

There were four assumptions made for this research. They were:

1. There is insufficient agreement on specific meanings of the 25 contracting terms selected for research. Under our present system, people must sift through the numerous regulations, directives, instructions and texts in an effort to find the meaning of a word or term [Ref. 1: p. 1].

2. No single source of authoritative contracting definitions exists. Depending upon the agency to which you are assigned or department you work for, the contracting professional migrates to the texts of that particular agency or department and not to a single unified text.

3. Consensus opinion by contract professionals is the best method to arrive at an acceptable term definition.

4. The designation as an NCMA Fellow was sufficient qualification to be considered an expert in the contracting field.

D. RESEARCH METHODOLOGY

The approach used in this thesis was qualitative. It included a literature review, personal observations, a questionnaire and the researcher's personal experience with the

contracting discipline. As in other areas of this thesis, the basic methodology used by LCDR Ryan in his thesis was adopted. The methodology was as follows:

1. Generate a list of candidate terms from previous research on this topic, published contract literature, and regulations.
2. Select a subset of 25 terms for each researcher to analyze.
3. Research published contracting literature and regulations for published definitions and common use of the terms for the 25 words selected in step 2 above.
4. Synthesize the published definitions found in step 3 above into single definitions and organize them in the form of a questionnaire.
5. Mail out questionnaires to approximately 200 NCMA fellows. Questionnaires were mailed with a cover letter from Mrs. Ann Watson, NCMA President, requesting assistance with the endeavor.
6. Analyze questionnaire responses and arrive at proposed definitions for the 25 terms selected in step 2 above.

The initial step taken in following the procedure consisted of reviewing the research conducted by LCDR Ryan. As a result of informal interviews with people in industry, academia, professional education, and Federal Government acquisition and contracting practitioners, LCDR Ryan developed a candidate list of approximately 100 commonly used terms with multiple meanings. LCDR Ryan indicated in his thesis that the list was not intended to be all inclusive, but rather it was to serve as a starting point from which to establish the foundation for a dictionary [Ref. 1: p. 11].

This researcher accepted the list of terms presented by LCDR Ryan as valid terms to be defined. Using this list, as well as selected additional terms from the contracting literature, the 25 terms to be analyzed were chosen. A crosscheck of the selected terms against other research that is a part of this effort was conducted to avoid duplication of work. A helpful tool in this step was Appendix A, Candidate Terms, and Appendix D, Listing of FAR Definitions in Alphabetical Order from LCDR Ryan's thesis. The 25 terms selected for research were:

- Acceptance
- Acquisition
- Allocable
- Buying-in
- Buy-out
- Change
- Competition
- Contract Administration
- Contracting Officer
- Contractor
- Cost
- Debarment
- Government-Furnished Material
- Incentive
- Major System
- Offer
- Option

- Pricing
- Proposal
- Provisioning
- Purchase Order
- Solicitation
- Technical Leveling
- Technical Transfusion
- Value

A synthesized definition for each term was determined through a literature research. A procedure was developed to synthesize those data to be used in the questionnaire. This procedure was as follows:

1. Group the terms into the following: general definitions, definitions as used in contracting, and definitions as used in Government contracting.
2. Examine each definition within the above groups to identify baseline terms, words, or phrases that appear most frequently.
3. Examine definitions within groups to identify single elements, words, or phrases that appear in only a few of the definitions
4. Use the baseline terms, words, or phrases and significant single elements to compose the synthesized definition for the questionnaire.

The questionnaire used by the researcher can be found in Appendix C. Two hundred NCMA Fellows were sent the questionnaire for evaluation and comments on the synthesized

terms. In his thesis, LCDR Ryan discussed the rationale behind the use of a written questionnaire sent to a select representative sample of contracting professionals. This researcher concurred with LCDR Ryan's reasoning that large-scale telephone surveys or questionnaires sent to random Government and industry contracting personnel were impractical to establish a consensus. The decision to target the membership of the National Contract Management Association, and specifically those individuals designated as NCMA Fellows, was a correct methodology to obtain a validity test on the synthesized terms. Surveying professionals with significant contracting experience and knowledge would provide a good representation of contracting personnel. The designation as a NCMA Fellow assumed the condition of being a knowledgeable and objective contracting professional. Results from questionnaires were compiled and analyzed to formulate a proposed definition found in Appendix A.

E. LITERATURE REVIEW

A literature review much like the one outlined in LCDR Ryan's thesis was utilized in this thesis. A Defense Logistics Studies Information Exchange (DLSIE) topic search was conducted. The topics utilized in the search were dictionary, contracting, and glossary; they provided no useful data for this thesis.

Whereas LCDR Ryan used other NPS theses to aid in his research, his thesis became the cornerstone of this research effort. The majority of the initial research leads came from the reference section of LCDR Ryan's thesis. By taking those references and searching them for similar publications, most of the definitions used to synthesize definitions for the questionnaire were extracted.

F. ORGANIZATION OF THE STUDY

Chapter I of this thesis provided an introduction to the thesis. The focus of the chapter was on the need for a dictionary of contracting and acquisition terms, the methodology used in the thesis, and objectives and benefits of this effort. Chapter II is the first of three chapters which deals with the results of the thrust of this research effort--formulation of definitions of contracting terms. The chapters have been divided in the following manner: (1) chapter II, special terms that were initially synthesized by LCDR Ryan and deemed controversial in his research; (2) chapter III, terms that this researcher synthesized and which were controversial based upon either initial and/or final synthesis or the responses to the questionnaire; and, (3) chapter IV, terms that generated little disagreement among the respondents to the questionnaire and were relatively easy to synthesize. Chapter V brings the thesis to a close providing an address of the research question, conclusions and recommendations.

II. RESYNTHESIS OF SELECTED TERMS

A. INTRODUCTION

This chapter is the first of three which deals with the results of this research effort --formulation of definitions of contracting terms. Chapter II examines those terms that were initially synthesized and subsequently deemed controversial in LCDR Ryan's thesis. A further synthesization was undertaken by this researcher to clarify, as well as eliminate some of the controversy surrounding the terms in question.

In keeping with LCDR Ryan's methodology, each subsection of the following three chapters uses the same format. Within section "B," Term Analysis, subsection "a" examines the synthesis process prior to the mailing of the questionnaire. In each instance, definitions were examined to organize them as they would pertain to the overall definition in the following areas: general, contracting, and Government contracting. After grouping, each definition was examined for key elements or baseline terms, such as, is it defined as a process or an act? Do all definitions use a principal, or is an agent a part of the definition? Each synthesized definition included the key common elements or baseline terms for that definition grouping. In most instances, after identifying the common elements, single elements that may have appeared in a few or only one definition were further examined. Deciding to include the single elements was much more difficult and usually required referring to an individual text to see if, in this researcher's judgment, it should be included as part of the synthesized definition.

The above process of finding and examining baseline terms within common definitions made the process of establishing synthesized definitions less complicated than had been

originally anticipated. There were two instances where the above process did not work--when only one published definition for the term could be found, and when there were no baseline terms to draw from for the definition. In these instances, the single published definition was used as the synthesized definition for the questionnaire.

Subsection "b" examines the results of the questionnaire including respondent input pertaining to the synthesized definitions. Much of what was written by the respondents was included in this subsection. This was done in order to highlight the differences of opinion in the definitions given by the respondents, and also as a mechanism for future study, providing an excellent starting point for others deciding to work on these terms. This same technique was employed in dealing with some of the terms synthesized by LCDR Ryan, and provided a strong base upon which to begin this research.

Finally, subsection "c" submits the proposed definition. Along with the proposed definitions are recommended synonyms and antonyms; these will be included in a contracting terms dictionary, and are based on consensus information provided by the respondents. Some of the proposed definitions have a portion of the text placed within parenthesis. These parenthetical portions are not intended to be part of the definition; rather, they are offered as examples to help clarify the actual definition.

In arriving at a final proposed definition, certain recommendations from the respondents were incorporated into the definition. This was done even though the majority of the respondents supported the synthesized definition as defined in the questionnaire. [Ref. 16: p. 18] There were instances when a comment from a respondent was valid, though unstated by others, and could not be ignored; therefore, it was necessary to incorporate the information into the proposed definition. Some recommendations were used even though they changed the consensus of the baseline phrase or thought. Still, the consensus of the definition in the

aggregate was retained as often as possible, and, aside from a few instances, changes were limited in order to maintain the consensus achieved through the use of the questionnaire process.

A few of the respondents provided a totally new definition for the term, either rewriting the provided definition or adding greatly to it. These responses were not incorporated into the definitions in order to avoid compromising the achieved consensus. However, the responses were included in this thesis to provide others with a foundation for further research.

The terms discussed in this chapter were taken from Chapter III of LCDR Ryan's thesis, Analysis of Controversial Terms. The terms to be discussed are: acquisition, buying-in, change, and cost. Due to the controversy over the initial synthesis produced, a further scrub of the terms was deemed necessary. For each term, the synthesized definition from LCDR Ryan's thesis was used as the definition in the questionnaire. This eliminated the difficult and time consuming task of synthesizing the initial definition for the survey.

B. TERM ANALYSIS

1. Acquisition

a. *Definition Synthesis:*

As stated above, there was no attempt to synthesize a definition for "acquisition" in preparation of the questionnaire. The definition synthesized by LCDR Ryan was used as the baseline for the questionnaire:

ACQUISITION:

- (1) The act by which one acquires ownership of anything.
- (2) The act of acquiring supplies or services for the use of an activity through purchase or lease.
- (3) In Federal Government: encompasses the entire spectrum of actions in acquiring supplies or services through purchase or lease, including construction, whether the supplies exist or not.
- (4) In major systems: the process of obtaining major systems through the application of the following phases: concept exploration, concept demonstration/validation, full scale development, production, logistic support review, and major upgrade/system replacement.

b. Results:

Of the 29 respondents, 11 supported the definition as synthesized. The other 18 respondents offered recommendations which ranged from minor changes to a complete overhaul of the definition. Some of the comments included:

- One respondent viewed part 1 of the definition as the only part needed. He reasoned that all of the other parts evolved from part 1.
- Many respondents felt that part 2 was the best definition. One particular respondent commented that part 2 most adequately portrayed acquisition and that parts 3 and 4 were only subsets of part 2.
- Four respondents suggested eliminating the phrase "whether the supplies exist or not" from part 3. One of the respondents questioned whether or not we could acquire non-existing supplies.
- The definition should be more explicit; it should specifically include the planning, funding, solicitation, award, distribution, and disposal as this is what the FAR covers, and is what the term means in that context.
- In part 4, "major upgrade/system replacement" should not be within the original concept of an acquisition process. This is more properly a new acquisition cycle.

Many of the suggestions received from the respondents paralleled those received by LCDR Ryan during his initial synthesis of the definition. The approach to changes taken by LCDR Ryan eliminated most of the comments that were generated by respondents to this survey. Minor changes were made to LCDR Ryan's proposed definition to incorporate some of the recommendations received.

Two of the changes could be considered wordsmithing. One significant change was made concerning the phrase "whether the supplies, services, or systems exist or not." This issue was a point of contention for many of the respondents and was considered by many as adding nothing of substance to the definition.

c. Proposed definition based upon responses:

ACQUISITION

- (1) The process by which one attains legal possession.
- (2) The entire spectrum of actions, from planning through use, in attaining supplies, services, or systems through purchase, lease, or any combination of the two.
- (3) In major systems: The process of obtaining complex systems through the following phases: concept exploration, concept demonstration/validation, full-scale development, production, logistic support review, and major upgrade/system replacement.

Synonyms: Procurement, purchasing, purchase, acquirement, accomplishment, contract, buy.

Antonyms: Sell, dispose, disposition, terminating.

2. Buying-in

a. Definition synthesis:

No attempt was made to synthesize a definition for "buying-in" for the purposes of the questionnaire. LCDR Ryan's synthesized definition was used for this purpose. The synthesized definition was:

BUYING-IN

- (1) The practice of submitting an offer below anticipated costs in order to obtain a contract award expecting to gain benefit through contract changes or follow-on contracts or achieve/protect market status.
- (2) Deliberately underestimating costs to get a program accepted.

b. Results:

Of the 29 respondents, 17 supported the definition as synthesized. The other 12 respondents offered minor suggestions to further clarify the definition. Some of the suggestions were:

- Replace "practice of submitting" with "submittal of" in part 1. It can only happen one time--not necessarily a practice.
- In part 1, add "and beneath projected competitive price" after "anticipated costs."
- A buying-in may be for more than costs--could be promising unreal delivery or quality.
- Part 1 should stop after "award," since a contractor's motivation is not apparent--speculation only.
- These different parts of the definition have negative connotations, with part 2 being a fraud item.
- One respondent's definition was: Deliberately bidding below realistic costs as a way of winning a program by making an investment.

As in LCDR Ryan's research, the legal and ethical issues were discussed extensively by the respondents. The legality of buying-in is not a part of the definition. Rather legality is an issue for the judicial system to decide; therefore, a concise definition can be written without the discussion of the legalities involved.

Also, as in the definition for acquisition, the respondents to this survey echoed many of the comments discussed by LCDR Ryan in his thesis. Changes to LCDR Ryan's proposed definition were made with the main thrust being the segregation of reasons for buying-in from the actual definition. The reasons a company may buy-in have been placed in parenthesis to indicate that they clarify the meaning and are not part of the definition. One of the respondents made the point that we do not know all of the reasons for buying-in and all we are doing is speculating when stating the reasons.

c. Proposed definition based upon responses:

BUYING-IN

A management practice of knowingly submitting an offer below anticipated costs to obtain a contract award. (Buying-in may be done expecting to gain benefit and recoup losses through contract changes or follow-on contracts. May also intend to achieve or protect market status or obtain access to new technology, or for other reasons.)

Synonyms: Loss contracting, low-balling, under estimating.

Antonyms: Profitable contracting, high-balling, over estimating.

3. Change

a. Definition synthesis:

As in the previous two definitions, there was no attempt to synthesize a definition for the survey. LCDR Ryan's synthesized definition was utilized. The synthesized definition was:

CHANGE: A buyer or seller proposed modification of the terms of a contract which may alter the original specifications but should not exceed the scope of the contract as originally priced.

b. Results:

Of the 29 respondents, 10 agreed with the definition as presented. The remaining 19 respondents recommended major changes to the synthesized definition. The comments from the respondents were:

- The term "as originally contemplated" should be used. A change that totally changes the original concept of the contract is a cardinal change and as such is a breach and not a permissible change.
- The definition is too narrow for the word "change" without tying it to the changes clause. Also, many other changes in a program are directed which result in modifications in the scope of the contract.
- A change may well exceed the original scope of the contract and may require added costs and time to deliver. Exceeding scope or original contract terms is a purely Government contract issue.
- This is not a good definition; it needs further clarification within the change clauses and cover authority.
- Basis for a change is defined in FAR. It includes more than just a specification modification. Determination of cost impact is a secondary event, but may or may not occur--subject to negotiations between the parties.
- It might be good to eliminate the phrase "as originally priced"-- might lead one to believe that a price adjustment is not in order, and that only certain things can be changed in Government contracting.

This is another case where, even though this is a second iteration of the definition, many respondents offered numerous modifications to the definition. As in LCDR

Ryan's work, a good deal of them focused upon looking at other derivations of "changes," such as constructive change and scope change. Changes were incorporated into LCDR Ryan's proposed definition to achieve a short concise definition that was in keeping with the consensus achieved in both research efforts.

c. Proposed definition based upon responses:

CHANGE

A bilateral modification of the terms of a contract which may alter original requirements.

Synonyms: Deviation, alteration, revision, modification.

Antonyms: Fixed, permanence.

4. Cost

a. Definition synthesis:

This is the final term that was reworked from LCDR Ryan's thesis. As such, no attempt was made to synthesize a definition for the survey. LCDR Ryan's synthesized definition was:

COST

(1) The amount of money or equivalent paid or charged for supplies or services before the addition of profit or fee.

(2) The total amount of money or equivalent spent on a system including initial development, procurement, maintenance, operation and disposal costs.

b. Results:

Of the 29 respondents, 12 agreed with the definition as proposed by LCDR Ryan. There were 17 respondents who disagreed with the definition and suggested changes to the definition. Some of the suggestions were:

- Some respondents felt that part 1 was all that was needed; therefore, part 2 should be deleted.
- Three respondents recommended definitions to replace the synthesized definition: (1) The actual expenditure of funds to produce an end product or service; (2) In Government: monetary value of resources expended in performance of a contractual requirement; and, (3) The monetary value for services or supplies procured and paid for under a contract and its changes.
- Consider language relative to cost incurred rather than spent or paid.
In particular, part 2 seems to define price rather than cost.
- Change in part 1 "before the addition" to "exclusive." There is an assumption that profit or fee will always be added. The respondent did not think that cost should ever include profit or fee.
- One respondent recommended that the definition should parallel the one found in the Armed Services Pricing Manual, Volume 1. This particular respondent made the same recommendation for over one half of the terms in the survey.

LCDR Ryan's definition received numerous comments from the respondents. Many considered part 2 of the definition to be an elaboration of part 1 and the definition of life-cycle cost. These comments were valid, and as such, the second part of the definition was eliminated. When looking at the first part of the definition, one respondent made a very valid comment that the phrase "before the addition" leads one to believe that profit or fee is always added on to costs. He recommended, and this author concurred, substituting "exclusive" for the phrase to eliminate this possible problem.

c. Proposed definition based upon responses:

COST

The amount of money or equivalent paid or charged for supplies or services exclusive of profit or fee.

Synonyms: Consideration, charge, total cost.

Antonyms: None.

C. SUMMARY

This chapter examined reformation of definitions initially analyzed by LCDR Ryan. This further scrub of the definitions was done in view of the fact that controversial terms may need a review to clarify any weaknesses inherent in the work of the researcher. Upon review, the initial work done by LCDR Ryan was exceptional; the minor changes made to the definitions were mainly wordsmithing exercises. Also, within the chapter, there are proposed definitions, synonyms, and antonyms for the terms analyzed. These are based upon the review process, as well as a consensus from the survey process. A summary of all proposed definitions, synonyms, and antonyms can be found in Appendix A. In the next chapter, terms that were considered controversial or difficult to ascertain during the research effort will be examined.

III. ANALYSIS OF CONTROVERSIAL TERMS

A. INTRODUCTION

This chapter deals with those terms which were considered controversial or difficult to establish a definition. The determination that a term was controversial and/or difficult to define was a subjective decision based upon many factors. Some of the factors taken into consideration were: the difficulty in synthesizing the initial definition; the number and diversity of generated comments from the questionnaire; and, the difficulty experienced in formulating a proposed definition.

This chapter has been arranged in the same format as chapter II. It consists of: subsection "a," Definition synthesis; subsection "b," Results; and, subsection "c," Proposed definition based upon responses. The final section is a summary of the chapter.

The same methodology as was detailed in chapter II was utilized for the synthesizing of the definitions and the formulating of the proposed definitions. Great care was exercised when incorporating valid recommendations of the respondents to avoid compromising the consensus gained in the questionnaire process.

B. TERM ANALYSIS

1. Buy-out

a. *Definition synthesis:*

Synthesis of the definition for the term was difficult. Unable to locate a published definition for "buy-out" as it relates to contracting, this researcher resorted to writing a definition based upon three paragraphs of text describing the buy-out process.

Because there were no baseline terms from which to draw, there arose the possibility that a basic tenet of the definition might have been missing. The definition as synthesized was:

BUY-OUT

(1) To buy all the stock, business rights, etc.

(2) In Government: Awarding of all remaining production of a contract to the winner of a final competition. Usually done towards the end of a production cycle.

b. Results:

Of the 29 respondents, 15 concurred with the definition as presented in the questionnaire. Eleven of the respondents did not recognize buy-out as a contracting term, or at the very least, were not familiar with it within Government contracting. Three respondents offered minor suggestions to clarify the definition. One suggestion was:

- Do not believe that the proposed definition presents the true meaning of buy-out, which to me means to buy for the last time since no future needs are anticipated.

"Buy-out" was included in the controversial chapter, primarily due to the failure of over 80% of the respondents to even recognize it as a Government contracting term.

No changes to the synthesized definition were made due to such a large number of respondents being completely unfamiliar with the term and the limited number of suggestions received.

c. Proposed definition based upon responses:

BUY-OUT

- (1) To buy all the stock, business rights, etc.
- (2) In Government: Awarding of all remaining production of a contract to the winner of a final competition. Usually done towards the end of a production cycle.

Synonyms: None.

Antonyms: None.

2. Contractor

a. Definition synthesis:

Synthesis of the definition required much effort due to the diversity (from very specific to general) that was demonstrated in published definitions. There were many baseline terms such as individual, entity, contracts, offers, and accomplished that formed the base for the definition. The difficulty arose when trying to sort through the single elements of the published definitions to decide whether or not they should be included in the synthesized definitions. In the end, the definition in the FAR was selected as the Government definition; it appeared to cover all the baseline elements and relevant single elements. The definition as provided in the questionnaire was:

CONTRACTOR

- (1) Any individual, corporation, partnership or association, institution or other entity who contracts to supply certain materials or to do certain work for a stipulated sum.
- (2) In Government: Any individual or other legal entity that (a) submits offers for or is awarded, or reasonably may be expected to submit offers for or be awarded, a Government contract or a subcontract under a Government contract or (b) conducts business with the Government as an agent or representative of another contractor.

b. Results:

Fourteen respondents agreed with the definition as proffered. Thirteen respondents offered minor changes. Some of the recommendations were:

- Four respondents commented that part 1 of the definition was adequate and that the second part should be deleted.
- In part 2, can one be a contractor if he never receives a contract or is he an offeror?
- In part 1 change "a stipulated sum" to "certain terms and considerations."
- One respondent's definition was: Any individual or other legal entity that participates in the acquisition process through the anticipated or actual contractual arrangement.

Changes to the synthesized definition of the term "contractor" were made. The minor changes made in part 1 of the definition were merely wordsmithing, while the change to the second part of the definition was considered to be a major one.

Even though part 2 of the definition was from the FAR, it generated considerable debate. Many thought it wordy and legalistic. Some even recommended eliminating part 2 and using part 1 as the sole definition. Part 2 was not deleted, but changes were made in response to a comment concerning the phrase "or reasonably be expected to submit offers for or be awarded." A respondent pointed out that the individual who submitted an offer was an offeror, not a contractor. The definition was amended to reflect the comment.

c. Proposed definition based upon responses:

CONTRACTOR

- (1) Any individual, corporation, partnership, association, institution or other entity who contracts to supply certain materials or to do certain work for a stipulated consideration.
- (2) In Government: Any individual or other legal entity that (a) submits offers for or is awarded a Government contract or a subcontract under a Government contract, or (b) conducts business with the Government as an agent or representative of another contractor.

Synonyms: Offeror, proposer, awardee, supplier, vendor, bidder.

Antonyms: Volunteer.

3. Incentive

a. Definition synthesis:

Synthesis of the term was not difficult due to the limited number of definitions that were available. Both parts of the definition were taken verbatim from published sources. The definition used for the questionnaire was:

INCENTIVE

- (1) Stimulating one to take action.
- (2) In Government: Motivating the contractor in calculable monetary terms (a) to turn out a product that meets significantly advanced performance goals, (b) to improve on the contract schedule up to and including final delivery, (c) to substantially reduce costs of the work, or (d) to complete the project under a weighted combination of some or all of these objectives.

b. Results:

Fourteen respondents agreed with the definition as stated. An equal number of respondents offered minor changes to the definition. Some of the suggestions were:

- In part 2, I believe monetary is too narrow--incentives such as first production award, meeting specs, patent rights, copyrights, etc., are valid non-monetary incentives and are commonly used.

- Two suggested definitions were: (1) Motivation, usually monetary, to perform a contract at lower costs, or in a shorter time, or at a higher quality; (2) To stimulate measurable attainment which betters or exceeds identified baseline performance goals.
- In part 2, delete "significantly" and "substantially" and the "s" on "reduces." Also, substitute "perform the contract" for "complete the project."
- In part 2, add "or exceeds" after the term "meets."

The synthesized definition generated many comments concerning the Government and its inability to incentivize the contractors. Part 2 of the definition touched an "exposed nerve" of a respondent--his comments included: "Government and motivation are not synonymous. Contractors are not truly recognized for their efforts".

One respondent pointed out an incongruity between the synthesized definition and the term which required a change to both parts of the definition. The term was a noun; the definition was a verb. To remedy this situation, "something that" was added to both parts of the definition making them a noun. This aligned with the term in noun form and with Webster's New World Dictionary.

In part 2 of the definition, many responses questioned whether incentives were always monetary. Changing the monetary aspect of the definition was not necessary; monetary factors were behind the other incentives mentioned by the respondents.

c. Proposed definition based upon responses:

INCENTIVE

- (1) Something that stimulates one to take action.
- (2) In Government: Something that motivates the contractor in calculable monetary terms (a) to turn out a product that meets or exceeds significantly advanced performance goals, (b) to improve on the contract schedule up to and including final delivery, (c) to reduce costs of the work, or (d) to complete the project under a weighted combination of some or all of these objectives.

Synonyms: Inducement, stimulant, cause.

Antonyms: Disincentive, firm fixed price.

4. Major system

a. Definition synthesis:

Synthesis of the term was complicated by the difficulty in arriving at a definition with no monetary limits. The baseline terms utilized for definition synthesis were: elements (components), need, urgency, and critical. Being unable to locate a definition for general or civilian major systems, the definition was synthesized from elements of published Government definitions. The synthesized definition was:

MAJOR SYSTEM

- (1) System which is critically important, complicated, expensive, controversial, or for any reason should involve top management.
- (2) In Government: One of a limited number of end-items composed of subsystems and/or other components which, for reasons of military urgency, criticality, or resource requirements, is determined by the Department of Defense as being vital to the national interest.

b. Results:

Of the 29 respondents, 14 agreed with the definition as synthesized. Of the 15 who did not agree, many focused their suggestions on the need for incorporating monetary limits in the definition. Comments included:

- General comments: neither part is any good; part 1 is a poor description; part 1 says it all; part 1 is too sweeping; and, part 2 is all-encompassing.
- Suggest substituting "controversial" in number 1 with "politically sensitive."
- DoD has a definition for a major system--why not use it? The definition in the FAR/DFARS is the best.

Arriving at a proposed definition was attended by many obstacles; several of the respondents felt it imperative to tie the definition to dollar limits. Not imposing any monetary limits in the definition would do away with the problem of changing the definition each time the monetary limit fluctuated; thus, this approach was adopted.

One respondent commented that other Government agencies have major systems and are not associated with the Department of Defense. The validity of this statement caused the proposed definition to be rewritten; the change recognized other agencies' and departments' major systems, while eliminating the purely military context.

c. Proposed definition based upon responses:

MAJOR SYSTEM

(1) A system which is critically important, complicated, expensive, controversial, or for any reason should involve top management.

(2) In Government: One of a limited number of end-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, is determined to be vital to the national interest.

Synonyms: System subject to OMB Circular A-109, weapon system.

Antonyms: Spare components, major components.

5. Solicitation

a. Definition synthesis:

Part 1 of the definition was taken from Webster's New World Dictionary and used in the questionnaire as the general definition. Part 2 was established from the following baseline terms: process, prospective bidder, notifying, receive bids, goods and services. This was not a particularly difficult task; all the definitions exhibited the baseline terms, and had the same overall meaning. The second sentence was added as a clarification of the first sentence. The definition as provided in the questionnaire was:

SOLICITATION

(1) Asking, enticing.

(2) In Government: The process of notifying prospective bidders that the Government wishes to receive bids on a set of requirements to provide goods or services. The process might consist of public advertising, the mailing of invitations for bids, the posting of notices, or telephone calls to prospective vendors.

b. Results:

Of the 29 respondents, 18 concurred with the definition as synthesized. Eleven respondents offered suggestions to improve the definition. Some of the suggestions were:

- In part 2, on the second line, insert "or proposals" after the term "bids."
Solicitations can also be issued strictly for planning purposes.
- Change part 1 to "Requesting."
- Part 2 is too general. It should address the requesting of offers/bids by a standard document to obtain supplies or services.

Major changes had to be made in the synthesized definitions. First, was the problem of defining a noun (the term itself) with a verb (the definition). To correct

this inconsistency, the definition was changed to state that the term was "an act" and/or "a practice." This type of change replicated a procedure utilized by Webster's New World Dictionary. The new words were inserted with relative ease; therefore, it did not compromise the consensus developed in the questionnaire process.

Second, in part 1, many respondents felt that "requesting" was a more accurate verb than "asking" and "enticing." To reflect the opinion of this large number of respondents, the change was made to "requesting."

Last, in part 2, the second sentence was enclosed by parenthesis. The parenthetical statement provided clarification to the actual definition in the first sentence.

c. Proposed definition based upon responses:

SOLICITATION

- (1) The practice or act of requesting.
- (2) In Government: The practice or act of notifying prospective bidders that the Government wishes to receive bids or proposals on a set of requirements to provide goods and/or services. (The process might consist of public advertising, the mailing of invitations for bids, the posting of notices, or telephone calls to prospective vendors.)

Synonyms: Tender.

Antonyms: None.

C. SUMMARY

In this chapter, terms were analyzed which were considered to be either controversial or difficult to synthesize. Proposed definitions, synonyms, and antonyms for the various terms were based upon feedback from the surveys returned to the researcher. Appendix A contains a list of the definitions, antonyms, and synonyms developed through the synthesis process.

In chapter IV, the work of synthesizing definitions for the remaining contracting terms will be completed. The terms discussed in chapter IV are those that generated little controversy and/or were easily synthesized.

IV. ANALYSIS OF REMAINING TERMS

A. INTRODUCTION

This chapter employs the same methodology established in chapter II for analyzing the synthesized definitions of the remaining 16 terms. Less difficulty was encountered when synthesizing proposed definitions for these terms than those discussed in chapter III. Also, there tended to be less disagreement concerning the synthesized definitions among the respondents. Changes made to definitions tended to be minor, but when major changes were required, they were fairly easy to make and did not alter the consensus arrived at in the questionnaire process.

B. TERM ANALYSIS

1. Acceptance

a. *Definition synthesis:*

Due to the large number of published definitions that displayed the same baseline terms, the synthesis of the definition for "acceptance" was not particularly difficult.

The synthesized definition was:

ACCEPTANCE

- (1) Exercising unqualified assent to an offer by the one to whom the offer was made.
- (2) In Government: The act of an authorized representative of the Government by which the Government, for itself or as an agent of another, assents to ownership by it of existing and identified supplies, or approves specific services rendered, as partial or complete performance of a contract.

b. Results:

Of the 29 respondents, 10 agreed with the definition as synthesized. The remaining respondents suggested minor changes to the definition. Some of the respondents' suggestions were:

- The definition speaks in terms of an act--acceptance can take place through inaction or actions other than authorized personnel--such as constructive acceptance.
- The Government does not need the complex, wordy legalese of part 2; part 1 is simplistic and will suffice.
- A recommended definition is: Agreement by a party to be bound by or to perform under contractual terms offered by another party.
- The receipt and acknowledgement of physical delivery of goods or services acquired. Also, the acknowledgement of, or performance of, a Government contract or order.
- Question the use of "unqualified" in part 1; all acceptance needs is an offer and agreement on terms and conditions.

Deriving a proposed definition for "acceptance" was a difficult task. There were many useful and well thought-out comments offered to improve the definition; some, though, seemed to contradict other respondents' comments. A common theme appeared throughout the recommendations--the definition was wordy and legalistic. There were also a few respondents who suggested that a more appropriate endeavor might have been defining phrases which contained the word "acceptance," such as, "partial acceptance," "complete acceptance," or "constructive acceptance."

A minor change was made to the second part of the definition. Acceptance has been a particularly thorny issue within Government; the published "legalistic" definition has evolved through the needs generated in the legal processes.

c. Proposed definition based upon responses:

ACCEPTANCE

- (1) Exercising unqualified assent to an offer by the one to whom the offer was made.
- (2) In Government: The act of an authorized representative of the Government by which the Government, for itself or as an agent of another, assents to ownership of existing and identified supplies, or approves specific services rendered, as partial or complete performance of a contract.

Synonyms: Agreement, approval.

Antonyms: Rejection, disapproval, unacceptable.

2. Allocable

a. Definition synthesis:

The synthesis for the definition required much effort. Published definitions for "allocable," were rare while definitions for "allocate" were plentiful. Modifications of various definitions of "allocate" were necessary to arrive at a synthesized definition for "allocable." The definition as synthesized was:

ALLOCABLE

- (1) Identifiable and distributable amongst two or more objects, activities, or functions.
- (2) In Government: Usually associated with the allocation of costs amongst cost objectives.

b. Results:

Of the 29 respondents, 21 agreed with the definition as it was synthesized. Eight respondents suggested minor changes to clarify the definition. Some of the respondents' suggestions were:

- One recommended definition: Usually associated with the assignment or identification of specific costs with certain designated cost objectives.
- Good, straightforward and clear.
- In part 2, delete "Usually associated with" and substitute "distribution" for "allocation."

Even though synthesis was difficult, arriving at proposed definition did not prove difficult. Minor changes were made to reflect some of the recommendations of the respondents.

c. Proposed definition based upon responses:

ALLOCABLE

Identifiable and distributable among two or more objects, activities, or functions. (In Government: Associated with the distribution of costs among cost objectives.)

Synonyms: Assign, apportion, distributable, assignable, identifiable, appropriate.

Antonyms: Non-allocable, unassignable.

3. Competition

a. Definition synthesis:

Synthesis of the term was relatively simple. There were few published definitions, and these contained the same baseline terms. The predominance of the baseline terms allowed for easy synthesis of a definition for the questionnaire. The definition as synthesized was:

COMPETITION

(1) Opposition, or effective opposition, in a contest or match.

(2) In Government: The effort of two or more parties, acting independently, to contend confidently for the Government's business by the offer of the most favorable terms. The term implies the idea of endeavoring by two or more to obtain the same object or result.

b. Results:

Only nine respondents concurred with the definition as synthesized. The other 18 respondents suggested changes, with five of them objecting to the word "confidently." Some of the suggestions were:

- Three respondents felt that there would be no competition unless there were "qualified" parties involved in the competition.
- Two respondents' definitions were: (1) In Government: The process of evaluating and selecting from indifferent offers by independent offerors for a contractual objective; (2) To give the most responsive offer to a request for products and services.
- In part 2, add "within the parameters of the Government solicitation" at the end of the first sentence.
- In part 2, delete all after "idea of" and replace with "obtaining the best bargain through the pressures created by several parties striving for the same thing."

Many suggestions were proposed to improve and/or clarify the definition; two suggestions stood out as having particular merit. One worthwhile suggestion pointed out that only qualified parties could have competition, for if one is not qualified, he/she cannot compete. "Confidently" was considered by many respondents to be a poor use of the word

in this context; they indicated that it could and should be replaced with the word "equally."

The definition was changed to reflect these valid comments.

c. Proposed definition based upon responses:

COMPETITION

(1) Opposition, or effective opposition, in a contest or match.

(2) In Government: The effort of two or more parties, acting independently, to contend equally for the Government's business by the offer of the most favorable terms. (The term implies effort by two or more to obtain the same object or result.)

Synonyms: Contend, contest, vie.

Antonyms: Sole source, single source, no-bid contracting, stand alone.

4. Contract administration

a. Definition synthesis:

There were few published definitions for the term on which to draw a synthesis. (See Appendix B). For this reason, the definition was taken verbatim from the published sources. The definition as provided in the questionnaire was:

CONTRACT ADMINISTRATION

(1) The management of all actions, after the award of a contract, that must be taken to assure compliance with the contract.

(2) In Government: The performance of a contracting officer, or his authorized representative, of acts authorized by terms of a contract or in accordance with provisions of public laws, executive orders, or applicable regulations and instructions of the department assigned administrative responsibility for a contract to include.

b. Results:

Of the 29 respondents, 12 agreed with the definition as synthesized in the questionnaire. Five suggested that part 1 was sufficient and that part 2 could be deleted. The 12 remaining respondents gave numerous recommendations to promote clarity of the definition. Some of their responses were:

- In part 1, replace "the contract" with "its terms" and delete "that must be taken."
- Many of the respondents completed the last sentence of part 2; it was inadvertently left as a sentence fragment. Many also recommended eliminating the last two words; thus, creating a complete sentence.
- This infers that contract administration includes design and production. The respondent did not consider the technical effort to be contract administration.
- In part 2, at the end of the second comma, delete "of" and insert "or by a corresponding contracting official to initiate or perform."

The synthesized definition generated a lot of discussion from the respondents. When synthesizing the definition, a list of contract administration functions was inadvertently left off at the end of the second part of the definition, creating a sentence fragment. To remedy this problem, many respondents suggested deleting "to include." Eliminating the listing of contract administration actions was adopted for the proposed definition.

c. Proposed definition based upon responses:

CONTRACT ADMINISTRATION

- (1) The management of all actions, after the award of a contract, to assure compliance with its terms.
- (2) In Government: The performance of a contracting officer, or his authorized representative, of acts authorized by terms of a contract or in accordance with provisions of public laws, executive orders, or applicable regulations and instructions of the department assigned administrative responsibility for the contract.

Synonyms: Contract management, post-award administration.

Antonyms: None.

5. Contracting officer

a. *Definition synthesis:*

Similarities of published definitions made easy work of synthesizing this term. The definition synthesis was fairly easy because many of the definitions used the following baseline terms: person, authority, enter into, administer, and terminate. The second sentence was added to provide a further breakdown of the types of contracting officers and was not meant to be definitions of the various contracting officers. The definition as synthesized was:

CONTRACTING OFFICER: A person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. A procuring contracting officer (PCO) who awards the contract or directs changes and additions, an administrative contracting officer (ACO) who monitors the performance of the contract, and a termination contracting officer (TCO) who represents the Government in the event of contract termination.

b. *Results:*

Twenty-two respondents agreed with the definition as synthesized. Seven respondents disagreed while elaborating various types of contracting officers. Some of the comments were:

- Four respondents recommended eliminating all but the first sentence.
- In the first sentence, add "change," after "administer" and "or settle terminated" after "terminate." Also delete "and/or."
- The following two comments involved the second sentence of the definition.

(1) It is possible for the PCO to also function as an ACO and to accomplish all duties that an ACO would accomplish. (2) Delete PCO, ACO, and TCO definitions as they are not totally complete and add nothing to the definition except in DoD.

- One respondent's definition was: An officer of the Government who has been appointed to enter into contracts on behalf of the Government.

Adding parenthesis around the second sentence was the only change made in the definition. Most of the discussion centered around the examples given in the second sentence. The points made were not strong enough to warrant changing the definition.

c. Proposed definition based upon responses:

CONTRACTING OFFICER

A person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. (A procuring contracting officer [PCO] who awards the contract or directs changes and additions, an administrative contracting officer [ACO] who monitors the performance of the contract, and a termination contracting officer [TCO] who represents the Government in the event of contract termination.)

Synonyms: None.

Antonyms: None.

6. Debarment

a. Definition synthesis:

Synthesis of the term "debarment" proved to be less difficult than some of the other terms. The limited number of published definitions to be found paved the way for easy synthesis. The synthesized definition was taken almost verbatim from Appendix B; a time element was the only addition in the second part. The definition provided in the questionnaire was:

DEBARMENT

(1) To bar, exclude or preclude from having or doing something.

(2) In Government: Actions taken to prevent, for a specified period of time, public contractors or potential contractors, from bidding on, being awarded, or continuing to perform Government contracts as a result of the violations of a statute or regulation.

b. Results:

Fourteen respondents agreed with the definition as proffered. The remaining 15 respondents offered changes ranging from minor ones to a complete overhaul of the definition. Some of the suggestions were:

- What is meant by public contractor? Eliminate the word "public" focusing upon the contractor and not a specific type of contractor.
- Ok--how does it differ from the ineligibility under the GSA consolidated debarred, suspended, and ineligible list?
- One respondent's definition was: The prohibition of a contractor/supplier from participating in any new work usually for a specified period of time.
- It is a badly used procedure partly because under present practice, a debarment can occur based on alleged violations.
- First, eliminate the phrase "or continuing to perform" as debarment does not normally preclude contract performance on existing contracts. Second, contractors not only are debarred because of violations of statutes or regulations--they can be debarred for failure to perform (willful) a contract, ~~continuous~~ poor quality, delinquent contracts, poor past performance of contracts, or any other reason that bears on their present responsibility.

The proposed definition was changed to incorporate some of the recommendations offered by the respondents. Most of the changes involved correcting grammatical errors. Also, numerous respondents questioned using the word "public" before "contractor" in the Government definition. After further review, there appeared to be no need for the term "public," therefore, it was deleted. Finally, one of the respondents questioned

whether or not contractors can continue to perform existing contracts while debarred. In fact, contractors can continue to perform when debarred: therefore, the definition was changed to reflect this.

c. Proposed definition based upon responses:

DEBARMENT

(1) To bar, exclude or preclude from having or doing something.

(2) In Government: Action taken to prevent, for a specified period of time, contractors or potential contractors, from bidding on, or being awarded, Government contracts as a result of their violation of a statute or regulation.

Synonyms: Exclude, rule out, preclude.

Antonyms: None.

7. Government-furnished material

a. Definition synthesis:

An abundance of similar published definitions made synthesizing "Government-furnished material" relatively easy. The synthesized definition was:

GOVERNMENT-FURNISHED MATERIAL: Any item of Government-furnished property provided to a contractor or comparable Government production facility to be incorporated into, attached to, consumed or expended during production of an end item or in the performance of contract maintenance. This material includes, but is not limited to, raw and processed material, parts, components, assemblies, small tools, and supplies.

b. Results:

Twenty respondents agreed with the definition as synthesized. Nine suggested minor changes to the definition; most emphasized the need to cover all the terms associated with Government-furnished material including Government-furnished property, equipment, and facilities. Some of the responses were:

- Insert the phrase "used during performance," between "be" and "incorporated." This will cover those items loaned to contractors to assist production.
- Provided at no cost to the contractor/supplier.
- Some GFM is not incorporated in, consumed or expended during, or attached to an end item such as dies, fixture, data, etc.. It can also include special-purpose facilities.

There were numerous comments from respondents citing the need to define other Government-furnished items, such as property and equipment. While it was true that further definitions are needed, it was not part of this research effort to define all of the Government-furnished terms. The slight changes made in the synthesized definition did not compromise the thought processes arrived at in the consensus.

c. Proposed definition based upon responses:

GOVERNMENT-FURNISHED MATERIAL

Any item of Government-furnished property provided to a contractor or Government production facility to be incorporated into, attached to, consumed or expended during production of an end item or in the performance of a contract. (This material includes, but is not limited to, raw and processed material, parts, components, assemblies, tools, and supplies.)

Synonyms: Government-furnished material, Government-furnished property, Government-furnished equipment.

Antonyms: Contractor-furnished equipment.

8. Offer

a. *Definition synthesis:*

Synthesizing definitions for the term "offer" was difficult due to the diversity in a large number of published definitions. For the final form, both a verb and a noun definition were synthesized. Deciding on baseline terms was not an easy task; while the definitions offered many single elements, only a few baseline terms were given. The synthesized definition was:

OFFER

- (1) To bring to or before; to present for acceptance or rejection; to hold out or proffer; to make a proposal to; to exhibit something that may be taken or received or not.
- (2) A promise which is in its terms conditional upon an act, forbearance or return promise being given in exchange for the promise or its performance.

b. *Results:*

Of the 29 respondents, 22 agreed with the definition as synthesized. The seven who disagreed recommended major changes as evidenced by two rewritten definitions that were proffered. Some of their responses were:

- If the offer is accepted, and is supported by consideration, a contract is formed. The formation of a contract needs to be brought out in the definition.
- Two respondents' definitions were: (1) Present something that may be accepted or rejected; and, (2) A formal presentation in response to a request ~~to provide~~ a product or service.

There was widespread acceptance of the definition as synthesized; therefore, the proposed definition was unchanged from the synthesized definition.

Recommendations made entailed major changes that would have compromised the synthesis achieved.

c. Proposed definition based upon responses:

OFFER

(1) v. To bring to or before; to present for acceptance or rejection; to hold out or proffer; to make a proposal to; to exhibit something that may be taken or received or not.

(2) n. A promise which is in its terms conditional upon an act, forbearance or return promise being given in exchange for the promise or its performance.

Synonyms: Tender, propose, bid, proposal.

Antonyms: None.

9. Option

a. Definition synthesis:

Synthesis of the term "option" was a simple process. The definition in the FAR was used verbatim, as it encompassed all the baseline terms found in the published definitions. The FAR definition was:

OPTION: In Government: A unilateral right in a contract by which, for a specified time, the Government may elect to purchase additional supplies or services called for by the contract, or may elect to extend the term of the contract.

b. Results:

Of the 29 respondents 21 agreed with the definition as synthesized. The remaining eight suggested minor changes to the definition. Some of the suggestions were:

- An option is only unilateral if the contract says so; it could be bilateral.
- In private contracting, this might be described as a right, supported by consideration, to purchase something in the future.

- Change "A" to "The" and add "of the Government" after "right." Also delete the following phrases, "by which for a specified time, the Government may elect," "called for by the contract," and "may elect."
- Add "supported by consideration" after the first "contract." Also add "for a stipulated time" at the end of the definition.

Two minor changes were made to the synthesized definition for the sake of clarity. Both of these changes were considered to be wordsmithing.

c. Proposed definition based upon responses:

OPTION

In Government: A unilateral right in a contract by which, for a specified time, the Government may elect to purchase additional supplies and/or services called for by the contract, or to extend the term of the contract.

Synonyms: Choice, prerogative.

Antonyms: None.

10. Pricing

a. Definition synthesis:

Extreme similarities among published definitions for the term "pricing" made synthesizing a definition an uncomplicated task. The following baseline terms were used for synthesis: process, act, amount, return, and goods and services. The synthesized definition was:

PRICING: The process of establishing the amount or amounts to be received or paid in return for providing goods and/or performing services.

b. Results:

Of the 29 respondents, 21 agreed with the definition as synthesized in the questionnaire. Eight respondents suggested minor changes some of which were:

- Change "the amount or" to "or analyzing the" and eliminate "providing" and "performing."
- After "establishing," add "for negotiating purposed." Through the sealed bid process, the price is determined by competition, not through any analysis or determination of the elements of cost--that takes place during the negotiation process.
- One respondent's definition for pricing was: Estimating the cost of providing a product or service or providing a definitive cost for providing a product or service.

No changes were made to the synthesized definition. The suggestions that were made were minor.

c. Proposed definition based upon responses:

PRICING

The process of establishing the amount or amounts to be received or paid in return for providing goods and/or performing services.

Synonyms: Cost and price analyst report.

Antonyms: Costing.

11. Proposal

a. Definition synthesis:

Part 1 of the definition was taken directly from Black's Law Dictionary.

It was short and succinct, yet it covered all the major items in the general part of the

definition. The Government section of the definition was also taken from the Black's Law Dictionary--not for its brevity, but for its conciseness. The definition as used in the questionnaire was:

PROPOSAL

- (1) An offer; something proffered.
- (2) In Government: An offer, by one person to another, of terms and conditions with reference to some work or undertaking, or for the transfer of property, the acceptance whereof will make a contract between them.

b. Results:

Acceptance of the definition as synthesized was indicated by 18 of the 29 respondents. The remaining 11 proposed minor recommendations to clarify the definition. Some of the recommendations were:

- One respondent's definition was: A specific response to a request for proposal to provide a product or service.
- Insert "or entity" after "person" in the first line of part 2.
- In part 1, eliminate "something proffered" and thus it will be the only one needed.
- Usually, in Government contracting, this term refers to an offer other than a sealed bid.
- Proposals are for large acquisitions of \$25,000 or more as compared to quotes for acquisitions under \$25,000. This will tie the definition to monetary limits established in the FAR.
- If the phrase after the final comma is eliminated, part 2 will become an all-encompassing definition.

Part 1 of the definition was left unchanged from the synthesized definition. The respondents indicated that part 2 included more than just Government contracting. The lead-in to the definition was changed from "Government" to "contracting" to accommodate the whole of part 2.

c. Proposed definition based upon responses:

PROPOSAL

(1) An offer; something proffered.

(2) In contracting: An offer, by one person or entity to another, of terms and conditions with reference to work, or undertaking, or for the transfer of property, the acceptance whereof will make a contract between them.

Synonyms: request for proposal, request for quotation, invitation for bid, proposition.

Antonyms: None.

12. Provisioning

a. Definition synthesis:

Synthesis of the definition was not an unwieldy task. The baseline terms included were: process, determining, range and quantity, and initial period of service. Locating only two very similar definitions for "provisioning" made synthesizing the term relatively easy. The second sentence was included to provide examples of the processes that may have been seen in provisioning. The synthesized definition was:

PROVISIONING: A process for determining and acquiring the range and quantity of support items necessary to operate and maintain an end item of material for an initial period of services. It includes the identification of items of supply, the establishing of data for catalog, technical manual, and allowance list preparation and the preparation of instructions to ensure delivery of necessary support items with related end items.

b. Results:

Of the 29 respondents, 20 concurred with the definition as synthesized. The remaining respondents suggested slight changes to clarify the definition. Some of the suggestions were:

- It's not that easy--various provisioning levels exist. Also, the process usually involves proposals, pricing and negotiation of identified provisioning items after the initial contract award.
- Change "an award" to "a" and do away with the second sentence.
- In the first sentence, cross out "of material," and in the second sentence, cross out the first "and" and "of necessary support items with related end items."

The synthesized definition was modified grammatically and the prepositional phrase "of material" was deleted; it was unnecessary, only modifying the term "end item." Also, since the second sentence is only there to provide examples, parentheses were placed around the second sentence to emphasize its role as clarifier only.

c. Proposed definition based upon responses:

PROVISIONING

A process for determining and acquiring the range and quantity of support items necessary to operate and maintain an end item for an initial period of service. (It includes the identification of items of supply, the establishment of data for catalog, technical manual, and allowance list preparation and the preparation of instructions to ensure delivery of necessary support items with related end items.)

Synonyms: None.

Antonyms: None.

13. Purchase order

a. Definition synthesis:

Synthesis for part 1 of the definition was formulated around the baseline terms of purchaser's document, authorizing, and delivery. The FAR definition was used as the Government part of the synthesized definition; it contained all of the baseline terms and single elements that were relevant. The definition used in the questionnaire was:

PURCHASE ORDER

(1) A purchaser's written document to a supplier formally stating all terms and conditions of a proposed transaction authorizing the vendor to deliver.

(2) In Government: An offer by the Government to buy certain supplies or non-personal services and construction from commercial sources, upon specified conditions, the aggregate amount of which does not exceed the small purchase limit.

b. Results:

Seventeen of the 29 respondents were satisfied with the definition as synthesized for the questionnaire. The 12 remaining respondents offered suggestions which ranged all the way from minor to major modifications of the definition. Some of the recommendations were:

- You can buy personal services and non-commercial items on a purchase order.

It has nothing to do with small purchase limit but is just issued that way in general.

- Two respondents recommended eliminating part 2 and adding "and receive payment" to part 1, making part 1 the entire definition.

- Purchase orders do not usually recite all terms and conditions. The

Uniform Commercial Code applies although not recited in the contractual document. In the commercial world what is not covered in the code or

purchase order is understood between the parties by past practice or by industry practice.

- One respondent's definition was: A simplified method of acquiring products or services which do not exceed a regulatory dollar limit.
- Add "Unless specified otherwise a purchase order is not a contract unless and until the performance called for is rendered" to part 2.

Major changes were made to the first part of the definition as a result of one respondent's questioning the use of the phrase "formally stating all terms and conditions." In the civilian sector, as well as in Government, purchase orders are issued without spelling out all of the terms and conditions. As the respondent pointed out, the Uniform Commercial Code covers many of the terms and conditions between the buyer and vendor. Also, due to a long-standing relationship, terms and conditions may be understood between the parties, and not actually spelled out in the purchase order. Even though an extensive change was required, the baseline terms were left intact. This was done to avoid compromising the synthesis achieved in the survey process. In part 2, only minor wordsmithing changes were made to the synthesized definition.

c. Proposed definition based upon responses:

PURCHASE ORDER

- (1) A purchaser's written document to a supplier formally stating all terms and conditions of a proposed transaction authorizing the vendor to deliver.
- (2) In Government: An offer by the Government to buy certain supplies or non-personal services and construction from commercial sources, upon specified conditions, the aggregate amount of which does not exceed the small purchase limit.

Synonyms: None.

Antonyms: Definitive contract.

14. Technical leveling

a. *Definition synthesis:*

The FAR provided the only definition of the term to be found; therefore, it was used, verbatim, in the questionnaire. The definition was:

TECHNICAL LEVELING: Helping an offeror to bring its proposal up to the level of other proposals through successive rounds of discussion, such as by pointing out weaknesses resulting from the offeror's lack of diligence, competence, or inventiveness in preparing the proposal.

b. *Results:*

Twenty-three respondents agreed with the definition as synthesized. Several suggested that technical leveling was unethical, as well as unlawful. Some comments pertaining to the definition were:

- Leveling gets proposals to be the same--may or may not be better--i.e., up.
- Technical leveling might result from suggesting a different way in which the specifications could be met or by disclosing the technical approach of competitors.
- Start off with "The improper practice of" followed by making "other" into "another" and eliminating "through successive rounds of discussion such as."

Technical leveling like technical transfusion is a bad practice, but the definition provided fits situations where the desired awardee is deficient.

As previously mentioned, some of the respondents felt that the idea of unethical, unlawful, or illegal should be made a part of the definition. Deciding the legality of the term was something that could best be addressed by the judicial system and was not within the scope of this research; therefore, the concept of ethicality or lawfulness was not

incorporated into the meaning. One respondent indicated that technical leveling may occur due to a one-time discussion with the parties and not necessarily in successive rounds of discussion; thus, the phrase "through successive rounds of discussion, such as" was deleted.

c. Proposed definition based upon responses:

TECHNICAL LEVELING

Helping an offeror to bring its proposal up to the level of other proposal(s) by pointing out weaknesses resulting from the offeror's lack of diligence, competence, or inventiveness in preparing the proposal.

Synonyms: Technical transfusion, unfair competitive advantage, technical auction.

Antonyms: None.

15. Technical transfusion

a. Definition synthesis:

The researcher could only find one definition for the term "technical transfusion." Not agreeing with the implications given that technical transfusion was strictly related to Government, the wording regarding the Government was deleted by this investigator, and the remaining elements were used as the synthesized definition. The definition as synthesized was:

TECHNICAL TRANSFUSION: Disclosure of technical information pertaining to a proposal that results in improvement of a competing proposal.

b. Results:

Twenty-two respondents approved of the definition as synthesized in the questionnaire. The remaining respondents offered suggestions which they felt would clarify the definition. Some of their suggestions were:

- Add at the end "at the expense of another firm."

- Change "pertaining to a proposal" to "from a proposal to a competitor."
- I question "improvement." Transfusion could make it worse.

Several respondents questioned whether or not technical transfusion always led to an improvement of a competing proposal. The phrase "improvement of" was changed to "changes in" to allow for the possibility of a degradation of a competing offer.

c. Proposed definition based upon responses:

TECHNICAL TRANSFUSION

Disclosure of technical information pertaining to a proposal that results in changes in a competing proposal.

Synonyms: Technical leveling, unfair competitive advantage.

Antonyms: None.

16. Value

a. Definition synthesis:

Synthesis of the term "value" was not exceptionally difficult.

Appendix B held 11 definitions from which to draw ideas for synthesizing the term. The baseline words found throughout these definitions were: worth, utility, some form of measurement, and a time factor. In addition, a few definitions included the idea of satisfying a need; this was incorporated into the synthesized definition. The definition as synthesized was:

VALUE

- (1) The worth of a thing in money or goods at a certain time.
- (2) The utility of an object in satisfying directly or indirectly, the needs or desires of human beings.

b. Results:

Twenty-six respondents agreed with the definition as synthesized. Three respondents gave minor suggestions to improve and/or clarify the definition. The suggestions were:

- Sometimes value cannot be measured in dollars.
- In part 1, this is price not value.
- In part 2, insert "a recognized need" after the term "satisfying" and delete the rest of the sentence after "indirectly."

A review of the suggestions led to the realization that, the idea of fulfilling a human need created the most controversy. Most of the respondents were concerned with the deletion of the human factor in the definition, without seeming regard to the integrity of the definition. One respondent rearranged the second definition, excluding the human factor, without changing the baseline thought arrived at in the consensus. The rearranged definition was adopted as the proposed definition.

c. Proposed definition based upon responses:

VALUE

- (1) The worth of a thing in money or goods at a certain time.
- (2) The utility of an object in directly or indirectly satisfying a recognized need.

Synonyms: None.

Antonyms: None.

C. SUMMARY

This completes the work on the synthesis of definitions for this research effort. As in the other chapters, proposed definitions, synonyms, and antonyms for the various terms based upon the consensus process outlined in chapter II have been provided. Appendix A has a listing of the definitions, synonyms, and antonyms recommended by this work. The next chapter is the final chapter in this thesis and outlines the conclusions, recommendations and general comments of the author.

V. CONCLUSIONS AND RECOMMENDATIONS

A. INTRODUCTION

This chapter offers conclusions and recommendations regarding the effort undertaken in this thesis and ways to improve future research in this area. Also included within the chapter are general comments as to the problems and situations encountered during the research effort and methods that were developed to help alleviate those problems. Finally, the research question posed at the beginning of this thesis is answered along with a summary of the chapter.

B. CONCLUSIONS

As this is a follow-on to research conducted by LCDR Ryan, general comments will be made concerning the conclusions he drew at the end of his research. Conclusions drawn by this researcher and not addressed by LCDR Ryan will also be discussed.

1. The product of this thesis will add to the body of knowledge which makes up the contracting discipline. [Ref. 1: p. 79]

The terms defined in this thesis, and other theses of this combined effort, compromise the first steps toward establishment of a contracting dictionary which will serve as a foundation for the entire contracting discipline. What must be emphasized is that these are merely the first steps and that further work is needed, in the areas of defining new terms and re-examining completed terms, to bring this dictionary to fruition.

2. The observations of questionnaire respondents reflected a concern for the continued development of the contracting discipline. [Ref. 1: p. 79]

Unlike LCDR Ryan, who it appears was very pleased with the number, as well as the overall quality of responses, this researcher was disturbed by the same. Out of 200 questionnaires mailed out, only 29 were returned---a dismal 14.5 percent response rate. The low response rate was unsettling, but the quality of the responses was more disturbing. Of the 29 received, 10 were classified as quality responses, yielding an overall quality response of five percent.

3. There is not universal agreement concerning the meaning of most contracting terms. [Ref. 1: p. 80]

LCDR Ryan was correct in his conclusion that there is no universal agreement on definitions of contracting terms. There was even disagreement as to whether some terms were actually part of the contracting language, such as the term "buy-out."

4. The procedure used in this thesis to achieve consensus on term definitions as used in contracting is valid. [Ref. 1: p. 80]

Once again, the conclusion drawn by LCDR Ryan held true in this thesis effort. The methodology utilized by both researchers can be used to arrive at a consensus for contracting terms. The actual procedure is valid, but some modifications could be made to improve future dictionary efforts; these are outlined in the recommendations.

5. The inclusion of synonyms and antonyms was basically ignored by the respondents.

Most of the respondents included no synonyms or antonyms when reviewing the terms. Those that did demonstrated no logic for their choices.

C. RECOMMENDATIONS

1. A procedure be established to conduct a second consensus of all definitions in this thesis and any other such effort.

Even though there is a plan to utilize Contract Management magazine to conduct a further scrub of the proposed definitions, another effort should be made to resynthesize the definitions prior to the magazine effort. In this researcher's opinion, input from the magazine article will be minimal; therefore, it will not substantially aid in the synthesis of definitions.

A thesis student should be given the task of conducting this intermediate scrub. Using proposed definitions without going through the research for published definitions and the synthesizing involved, would allow him or her to handle between 100 and 150 words. He or she could handle such a high number of terms because the early work has already been conducted, and the amount of work to be done in examining responses should be much less than the initial researcher encountered. Terms dealt with in this manner would get individual attention; they may not receive this kind of scrutiny in the magazine process.

2. A methodology be established to aid in the synthesis of terms for the questionnaire.

The methodology utilized in this thesis and outlined below should be adopted to assist future researchers in this effort. The first step would be to group terms into the following classifications: a general definition; a definition for the term as used in contracting; and, a definition for the term as used in Government contracting. After grouping, each definition would be examined for baseline terms found in a majority of the definitions. After baseline terms had been identified, the definitions within the grouping would be examined to identify single elements, words or phrases that appear in only one or just a few of the definitions.

Finally, the researcher would use the baseline terms and the relevant single elements to form a synthesized definition.

3. Establish a standardized questionnaire format that would be utilized by all participants in this research.

This recommendation comes as the result of a problem this researcher encountered when reading the responses provided in the questionnaire. Most respondents made changes to the synthesized definitions by lining through words in the definitions, penning in words, or listing word or phrases on the lines provided. Frequently, no reasoning for the suggested change was provided. Thus, changes which may have been valid, and should have been incorporated into the proposed definition may not have been given as much consideration as they should have received.

A few respondents did explain the reasoning behind their suggested changes. This made the job of judging the validity of the suggestion much easier.

A paragraph, such as the following, should be a required part of the instructions accompanying the questionnaires.

Please review each definition provided for the contracting terms. When reviewing, please feel free to make changes as you deem necessary. This may be done by lining out words or in any other way which will be legible to the researcher. Also, please include in the remarks section a short explanation for the change; this will aid the researcher in understanding your reasoning when reviewing the proposed definition.

4. Adopt the 25 terms defined through consensus as an initial step in the synthesis process. [Ref. 1: p. 81]

Unlike LCDR Ryan, who recommended that his proposed definitions become accepted definitions in the contracting discipline, this author would urge that all of the definitions need

a further scrub as outlined in the first recommendation above. There is much to gain by repeating the process.

D. RESEARCH QUESTION ANSWER

The primary research question was: To what extent can standard meanings be arrived at in the evolving field of contracting in which words are used with various meanings?

LCDR Ryan aptly answered this question in his thesis. He stated:

A 100 percent agreement on an exact definition for any given contracting term is not likely to occur, but a definition which represents a consensus can occur with success as demonstrated by the results of this thesis. Definition consensus is realistically achievable in a fixed amount of time utilizing published definitions and glossary "explanations" as the basis for synthesized definitions which can then be subjected to the criticism of a representative body of practitioners. [Ref. 1: p. 83]

Standardized meanings can be found for all of the terms which are part of the contracting vernacular. Though meanings may become "the standard," there will still be skeptics within the profession who will not voluntarily accept them. Standardization may become a reality, but acceptance of the standard terms will be a major obstacle encountered by those continuing this research effort.

E. GENERAL COMMENTS

Most of the comments of LCDR Ryan in the General Comments section of his thesis coincide with this researcher's experiences in conducting this research. Highlights that parallel both efforts are discussed below.

1. A weakness of the procedure was highlighted when a respondent would recommend a change to a synthesized definition which contributed to a more concise definition, while a majority of respondents agreed with the synthesized definition [Ref. 1: p. 84]. This situation

required relying solely on the judgment and discretion of the author when incorporating such changes.

2. Occasionally the recommended change was compelling in nature in that it addressed a facet of the definition which should have been incorporated in the synthesized definition [Ref. 1: p. 85]. This comment is unlike the above comment in that the recommended change sometimes changed the entire focus of the synthesized definition.

3. Questionnaire respondents often commented that other important terms should be included in the contracting dictionary [Ref. 1: p. 85]. This was not viewed as a serious issue; instructions with the questionnaire clearly stated that this was only a small portion of the terms that were to become a part of the dictionary.

4. LCDR Ryan felt that one of the strengths of this research was in utilizing the NCMA Fellows as a representative subset of the contracting community. The low response rate and the lack of quality responses received from this research questionnaire did not substantiate his conclusion. This questionnaire was also mailed to NCMA Fellows, and was accompanied by an endorsement of the survey by the President of The NCMA, Mrs. Ann Watson. Future researchers may want to tap the knowledge of NCMA members who are certified as Certified Professional Contracts Managers as opposed to just NCMA Fellows.

F. SUMMARY

This chapter offered conclusions, recommendations, and general comments to the thesis effort. It not only addressed the strengths and weaknesses of this research, but also offered changes which can improve any further work on the dictionary.

The effort of this thesis to synthesize contracting terms for a dictionary of contracting terminology was a difficult, but worthwhile, undertaking. The results of this effort, and other

like efforts, are vital for maintaining professionalism in the contracting field by providing a useful tool for contracting practitioners, students, and academics alike.

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APPENDIX A: PROPOSED DEFINITIONS BASED UPON THE CONSENSUS PROCEDURE

This appendix presents the product of this thesis. These proposed definitions, which were arrived at through a consensus procedure, represent the outcome of this research.

ACCEPTANCE

- (1) Exercising unqualified assent to an offer by the one to whom the offer was made.
- (2) In Government: The act of an authorized representative of the Government by which the Government, for itself or as an agent of another, assents to ownership of existing and identified supplies, or approves specific services rendered, as partial or complete performance of a contract.

Synonyms: Agreement, approval.

Antonyms: Rejection, disapproval, unacceptable.

ACQUISITION

- (1) The process by which one attains legal possession.
- (2) The entire spectrum of actions, from planning through use, in attaining supplies, services, or systems through purchase, lease, or any combination of the two.
- (3) In major systems: The process of obtaining complex systems through the following phases: concept exploration, concept demonstration/validation, full-scale development, production, logistic support review, and major upgrade/system replacement.

Synonyms: Procurement, purchasing, purchase, acquirement, accomplishment, contract, buy.

Antonyms: Sell, dispose, disposition, terminating.

ALLOCABLE

Identifiable and distributable among two or more objects, activities, or functions. (In Government: Associated with the distribution of costs among cost objectives.)

Synonyms: Assign, apportion, distributable, assignable, identifiable, appropriate.

Antonyms: Non-allocable, unassignable.

BUYING-IN

A management practice of knowingly submitting an offer below anticipated costs to obtain a contract award. (Buying-in may be done expecting to gain benefit and recoup losses through contract changes or follow-on contracts. May also intend to achieve or protect market status or obtain access to new technology, or for other reasons.)

Synonyms: Loss contracting, low-balling, under estimating.

Antonyms: Profitable contracting, high-balling, over estimating.

BUY-OUT

(1) To buy all the stock, business rights, etc.

(2) In Government: Awarding of all remaining production of a contract to the winner of a final competition. Usually done towards the end of a production cycle.

Synonyms: None.

Antonyms: None.

CHANGE

A bilateral modification of the terms of a contract which may alter original requirements.

Synonyms: Deviation, alteration, revision, modification.

Antonyms: Fixed, permanence.

COMPETITION

(1) Opposition, or effective opposition, in a contest or match.

(2) In Government: The effort of two or more parties, acting independently, to contend equally for the Government's business by the offer of the most favorable terms. (The term implies effort by two or more to obtain the same object or result.)

Synonyms: Contend, contest, vie.

Antonyms: Sole source, single source, no-bid contracting, stand alone.

CONTRACT ADMINISTRATION

(1) The management of all actions, after the award of a contract, to assure compliance with its terms.

(2) In Government: The performance of a contracting officer, or his authorized representative, of acts authorized by terms of a contract or in accordance with provisions of public laws, executive orders, or applicable regulations and instructions of the department assigned administrative responsibility for the contract.

Synonyms: Contract management, post-award administration.

Antonyms: None.

CONTRACTING OFFICER

A person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. (A procuring contracting officer [PCO] who awards the contract or directs changes and additions, an administrative contracting officer [ACO] who monitors the performance of the contract, and a termination contracting officer [TCO] who represents the Government in the event of contract termination.)

Synonyms: None.

Antonyms: None.

CONTRACTOR

(1) Any individual, corporation, partnership, association, institution or other entity who contracts to supply certain materials or to do certain work for a stipulated consideration.

(2) In Government: Any individual or other legal entity that (a) submits offers for or is awarded a Government contract or a subcontract under a Government contract, or (b) conducts business with the Government as an agent or representative of another contractor.

Synonyms: Offeror, proposer, awardee, supplier, vendor, bidder.

Antonyms: Volunteer.

COST

The amount of money or equivalent paid or charged for supplies or services exclusive of profit or fee.

Synonyms: Consideration, charge, total cost.

Antonyms: None.

DEBARMENT

- (1) To bar, exclude or preclude from having or doing something.
- (2) In Government: Action taken to prevent, for a specified period of time, contractors or potential contractors, from bidding on, or being awarded, Government contracts as a result of their violation of a statute or regulation.

Synonyms: Exclude, rule out, preclude.

Antonyms: None.

GOVERNMENT-FURNISHED MATERIAL

Any item of Government-furnished property provided to a contractor or Government production facility to be incorporated into, attached to, consumed or expended during production of an end item or in the performance of a contract. (This material includes, but is not limited to, raw and processed material, parts, components, assemblies, tools, and supplies.)

Synonyms: Government-furnished material, Government-furnished property.

Antonyms: Contractor-furnished equipment.

INCENTIVE

- (1) Stimulating one to take action.
- (2) In Government: Motivating the contractor in calculable monetary terms (a) to turn out a product that meets or exceeds significantly advanced performance goals, (b) to improve on the contract schedule up to and including final delivery, (c) to reduce costs of the work, or (d) to complete the project under a weighted combination of some or all of these objectives.

Synonyms: Inducement, stimulant, cause.

Antonyms: Disincentive, firm fixed price.

MAJOR SYSTEM

(1) A system which is critically important, complicated, expensive, controversial, or for any reason should involve top management.

(2) In Government: One of a limited number of end-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, is determined to be vital to the national interest.

Synonyms: System subject to A-109, weapon system.

Antonyms: Spare components, major components.

OFFER

(1) v. To bring to or before; to present for acceptance or rejection; to hold out or proffer; to make a proposal to; to exhibit something that may be taken or received or not.

(2) n. A promise which is in its terms conditional upon an act, forbearance or return promise being given in exchange for the promise or its performance.

Synonyms: Tender, propose, bid, proposal.

Antonyms: None.

OPTION

In Government: A unilateral right in a contract by which, for a specified time, the Government may elect to purchase additional supplies and/or services called for by the contract, or to extend the term of the contract.

Synonyms: Choice, prerogative.

Antonyms: None.

PRICING

The process of establishing the amount or amounts to be received or paid in return for providing goods and/or performing services.

Synonyms: Cost and price analyst report.

Antonyms: Costing.

PROPOSAL

(1) An offer; something proffered.

(2) In contracting: An offer, by one person or entity to another, of terms and conditions with reference to work, or undertaking, or for the transfer of property, the acceptance whereof will make a contract between them.

Synonyms: Request for proposal, request for quotation, invitation for bid, proposition.

Antonyms: None.

PROVISIONING

A process for determining and acquiring the range and quantity of support items necessary to operate and maintain an end item for an initial period of service. (It includes the identification of items of supply, the establishment of data for catalog, technical manual, and allowance list preparation and the preparation of instructions to ensure delivery of necessary support items with related end items.)

Synonyms: None.

Antonyms: None.

PURCHASE ORDER

(1) A purchaser's written document to a supplier formally stating all terms and conditions of a proposed transaction authorizing the vendor to deliver.

(2) In Government: An offer by the Government to buy certain supplies or non-personal services and construction from commercial sources, upon specified conditions, the aggregate amount of which does not exceed the small purchase limit.

Synonyms: None.

Antonyms: Definitive contract.

SOLICITATION

(1) The practice or act of requesting.

(2) In Government: The practice or act of notifying prospective bidders that the Government wishes to receive bids or proposals on a set of requirements to provide goods and/or services. (The process might consist of public advertising, the mailing of invitations for bids, the posting of notices, or telephone calls to prospective vendors.)

Synonyms: Tender.

Antonyms: None.

TECHNICAL LEVELING

Helping an offeror to bring its proposal up to the level of other proposal(s) by pointing out weaknesses resulting from the offeror's lack of diligence, competence, or inventiveness in preparing the proposal.

Synonyms: Technical transfusion, unfair competitive advantage, technical auction.

Antonyms: None.

TECHNICAL TRANSFUSION

Disclosure of technical information pertaining to a proposal that results in changes in a competing proposal.

Synonyms: Technical leveling, unfair competitive advantage.

Antonyms: None.

VALUE

(1) The worth of a thing in money or goods at a certain time.

(2) The utility of an object in directly or indirectly satisfying a recognized need.

Synonyms: None.

Antonyms: None.

APPENDIX B: PUBLISHED DEFINITIONS

This appendix presents published definitions of the 25 selected terms used in the questionnaire.

ACCEPTANCE

- The act of an authorized representative of the Government by which the Government assents to ownership by it of identified supplies, or approves specific services rendered, as partial or complete performance of the contract. [Ref. 2: p. 463]
- Assent to an offer by the one to whom the offer was made. [Ref. 3: p. B-2]
- Unqualified assent to the act or proposal of another. [Ref. 4: p. 775]
- The exercise by the recipient of the offer of the power conferred by the offer. [Ref. 5: p. 4-12]
- 1. An accepting or being accepted.
 2. Approving reception; approval; acceptability.
 3. Belief in; assent.
 4. An unconditional written order to pay a certain sum of money at a set future time; it is signed by the party to whom the money is to be paid and becomes effective when signed by the party who is to pay: cf. Bank Acceptance, Trade Acceptance.
 5. Law--an express or implied act by which one accepts an obligation, offer, contract, etc. together with all its legal consequences. [Ref. 6: p. 8]
- The act of an authorized representative of the Government by which the Government, for itself or as agent of another, assumes ownership of existing identified supplies tendered or approves specific services rendered as partial or complete performance of the contract. [Ref. 7: Part 46.101]
- The act of accepting by an authorized representative; an indication of a willingness to pay; the assumption of a legal obligation by a party to a contract to the terms and conditions of that contract. [Ref. 8: p. 1]
- The act of an authorized representative of the Government by which the Government assents to ownership by it of existing and identified supplies, or approves specific services rendered, as partial or complete performance of a contract. (AR 320.5) [Ref. 9: p. 2]
- The act of an authorized representative of the Government by which the Government assume for itself, or as agent of another, ownership of existing and identified supplies tendered or approves specific services rendered, as partial or complete performance of

the contract on the part of the contractor. (DAR 14-01.6, DAC 76-17, AFLCR 74-13, AFR 74-15)[Ref. 10: p. 2]

- The action of one of the parties to a contract to make it valid, following the offer of the other party. [Ref. 11: p. 3]
- 1. The act of an authorized representative of the Government by which the Government assents to ownership by it of existing and identified supplies, or approves specific services rendered, as partial or complete performance of the contract.
2. A binding contract is formed on acceptance notwithstanding the fact that the parties may also intend to execute a formal document at a later date.
3. Occurs when the Government either (a) takes the contractor's work and uses it without complaint or reservation of right, or (b) retains supplies for an unreasonable length of time without acceptance or rejection. [Ref. 12: p. 1]
- 1. The taking and receiving of anything in good part, and as it were a tacit agreement to a preceding act, which might have been defeated or avoided if such acceptance had not been made.
2. The act of a person to whom a thing is offered or tendered by another, whereby he receives the thing with the intention of retaining it, such intention being evidenced by a sufficient act.
3. Contracts. Compliance by offeree with terms and conditions of offer constitute an "acceptance." [Ref. 13: p. 12]

ACQUISITION

- 1. An acquiring or being accepted.
2. Something or someone acquired or added. [Ref. 6: p. 12]
- The acquiring by contract with appropriated funds of supplies or services by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. [Ref. 7: Part 2.101]
- The act of acquiring supplies or services (including construction) for the use of a Governmental activity through purchase or lease. [Ref. 8: p. 1]
- 1. The process consisting of quantification, procurement and distribution by means of which a system requirement is satisfied. (NAVMATINST 4000.20)
2. The acquiring by contract with appropriated funds of supplies or services (including construction) by and for the use of the Federal Government through purchase, lease, or barter, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. (DAC 76-18)
3. The process consisting of planning, designing, producing, and distributing a weapon system/equipment. (AFP 800-7) [Ref. 10: p. 11]

- Obtaining an article by any means whatsoever. [Ref. 6: p. 7]
- 1. The act of becoming the owner of certain property.
2. The act by which one acquires or procures the property in anything. [Ref. 13: p. 23]
- 1. The process by which one attains legal possession of something.
2. The entire spectrum of actions, from planning through use, in attaining supplies, services, or systems through purchase, lease, or any combination, including construction, whether the supplies, services, or systems exist or not.
3. In major systems: the process of obtaining complex systems through the application of the following phases: concept exploration, concept demonstration/validation, full scale development, production, logistic support review, and major upgrade/system replacement. [Ref. 14: p. 143]

ALLOCABLE

- Identifiable with two or more objects, activities, functions, or other cost objectives; said, e.g., of a joint or common cost, or an overhead pool of expense accounts. [Ref. 1: p. 27]
- Distributable. The breaking down of a lump sum charged or credited to one account into several parts to be charged or credited to other accounts. [Ref. 13: p. 69]

BUY OUT

- To buy all the stock, business rights, etc. of. [Ref. 6: p. 194]
- A program buy out typically occurs after a series of annual competitions and involves the award of all remaining production to the winner of a final competition, even if the remaining items are to be produced over several years. [Ref. 15: p. 176]

BUYING-IN

- A management practice of knowingly submitting an offer below anticipated costs or with no profit or fee with intent to obtain a contract award expecting to gain benefit and recoup losses through contract changes or follow on contracts. May also intend to achieve or protect market status or obtain access to new technology, or for other reasons. [Ref. 1: p. 23]
- Deliberately underestimating costs to get a program accepted, is recognized as an artificial cause of apparent cost growth. [Ref. 14: p. 93]

- The practice of bidding, particularly in connection with Government contracts, whereby a price or cost estimate, known to be less than the anticipated actual price or cost, is quoted with the expectation of either increasing the contract price during the performance period through the medium of one or more change orders, or obtaining future contracts at substantially higher prices. [Ref. 11: p. 77]
- The practice of attempting to obtain a contract award by knowingly offering a price or cost estimate less than anticipated costs with the expectation of either (i) increasing the contract price or estimated cost during the period of performance through change orders or other means, or (ii) receiving future "follow-on" contracts at prices high enough to recover any losses on the original "buy-in" contract. ASPR 1-311. [Ref. 12: p. 38]
- Attempting to obtain a contract award by knowingly offering a price or cost estimate in an amount less than the anticipated costs to the performer. [Ref. 13: p. 63]
- The practice of offering items or services at cost or less than cost or price in order to obtain award of a contract, discourage competition, maintain business, keep down overhead, or in the hope of making later recovery through overpricing changes in scope. [Ref. 16: p. 8]
- Submission of an offer, usually substantially below estimated cost, with the expectation of winning the contract. [Ref. 8: p. 10]
- Submitting an offer below anticipated costs, expecting to--(a) Increase the contract amount after award (e.g., through follow-on contracts at artificially high prices to recover losses incurred on the buy-in contract). [Ref. 7: Part 3.501-1]
- The practice of bidding, particularly in connection with Government contracts, whereby a price or cost estimate submitted is known to be less than the anticipated actual cost to perform the contractually required effort. [Ref. 3: pp. 495-496]

CHANGE

- A bilateral modification of the terms of a contract which may alter original requirements. [Ref. 1: p. 144]
- 1. vt. To put or take (a thing) in place of something else; substitute for, replace with, or transfer to another of a similar kind.
- 2. vi. To become different, alter; vary.
- 3. n. The act or process of substitution, alteration, or variation. [Ref. 6: p. 237]
- 1. n. An alteration; a modification or addition; substitution of one thing for another.
- 2. v. Alter; cause to pass from one place to another; exchange; make different in some particular; put one thing in place of another; vacate. [Ref. 13: p. 210]

- Actions that are permitted by contract terms but rarely are covered in the initial price. May change specifications and the scope of the contract as originally priced. [Ref. 16: p. 10-2]

COMPETITION

- An environment of varying dimensions relating to buy-sell relationships in which the buyer induces, stimulates, or relies on conditions in the marketplace that cause independent sellers to contend confidently for the award of a contract. [Ref. 16: p. B-2]
- 1. n. Opposition, or effective opposition, in a contest or match.
2. Rivalry in business, as for customers or markets. [Ref. 6: p. 289]
- 1. The effort of two or more parties, acting independently, to secure the business of a third party by the offer of the most favorable terms.
2. Contest between two rivals. [Ref. 13: p. 257]

CONTRACT ADMINISTRATION

- The performance of a contracting officer, or his authorized representative, of acts authorized by terms of a contract or in accordance with provisions of public laws, executive orders, or applicable regulations and instructions of the department assigned administrative responsibility for a contract (AFM 67-1) [Ref. 10: p. 162]
- The management of all actions, after the award of a contract, that must be taken to assure compliance with the contract; e.g., timely delivery, acceptance, payment, closing contract, etc. [Ref. 8: p. 7]

CONTRACTING OFFICER

- A person with the authority to enter into, administer, or terminate contracts and make related determinations and findings. The term includes any authorized representatives of the contracting officer acting within the limits of their authority. [Ref. 10: p. 167]
- Any person who, either by virtue of his or her position or by appointment in accordance with prescribed regulations, is vested with the authority to enter into and administer contracts and make determinations and findings with respect thereto, or with any part of such authority. [Ref. 5: p. 31-9]
- A person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes certain authorized representatives of the contracting officer acting within the limits of their authority as delegated by the contracting officer. [Ref. 7: Part 2.101]

- A person with the authority to enter into, administer, and/or terminate contracts, and make related determinations and findings. [Ref. 8: p. 8]
- The person executing a contract on behalf of the Government, and any other officer or civilian employee who is a property designated Contracting Officer; and the term includes, except as otherwise provided in a contract, the authorized representative of a Contracting Officer acting within the limits of his express authority. ASPR 7-103.1. [Ref. 12: p. 73]

CONTRACTOR

- 1. Strictly applicable to any person who enters into a contract, but is commonly reserved to designate one who, for a fixed price, undertakes to procure the performance of works or services on a large scale, or the furnishing of goods in large quantities, whether for the public or a company or individual.
- 2. A person who, in the pursuit of any independent business, undertakes to do a specific piece of work for other persons, using his own means and methods without submitting himself to their control in respect to all its details, and who renders service in the course of an independent occupation representing the will of his employer only as to the result of his work and not as to the means by which it is accomplished [Ref. 13: p. 295]
- 1. n. One of the parties to a contract.
- 2. A person who contracts to supply certain materials or do certain work for a stipulated sum, esp. one who does so in any of the building trades. [Ref. 6: p. 308]
- Any individual or other legal entity that (a) submits offers for or is awarded, or reasonably may be expected to submit offers for or be awarded, a Government contract or a subcontract under a Government contract or (b) conducts business with the Government as an agent or representative of another contractor. [Ref. 7: Part 9.403]
- A person who agrees to furnish goods or services for a certain price; may be a prime contractor or subcontractor. [Ref. 8: p. 8]
- 1. An entity in private industry which enters into contracts with the Government. The word may also apply to Government-owned, Government-operated activities which perform work on major defense programs. DOD 7000.2, AFSCP/AFLCP 73-5
- 2. Any individual, corporation, partnership or association institution or other entity which is a party to the contract. (DAR 9-107.2, AFR 74-15) [Ref. 10: p. 167]

COST

- 1. The dollar amount of cash expended, property transferred, services performed, or liability incurred, in consideration of goods or services received or to be received.
- 2. The amount paid or payable applicable to materiel consumed and services received--generally termed expense.

3. The amount paid or payable for the acquisition of property or services.

4. The amount, measured in money, of cash expended, or other property transferred, services performed, or a liability incurred, in consideration of goods or services received or to be received. [Ref. 10: p. 179]

- Expense; price. The sum or equivalent expended, paid or charged for something. Expenses awarded by court to prevailing party. [Ref. 13: p. 312]
- The amount or equivalent paid or charged for something: PRICE. The outlay or expenditure (as of effort or sacrifice) made to achieve an object. [Ref. 6: p. 257]
- The term cost has two meanings. It can refer to the amount of money the Government spends to acquire an item or it can mean that cost plus all costs of operating and maintaining the item once acquired. [Ref. 16: p. 3-2]

DEBARMENT

- Actions taken to prevent public contractors (or potential contractors), from bidding on, being awarded, or continuing to perform Government contracts as a result of the violation of a statute or regulation. [Ref. 12: p. 91]
- To bar, exclude or preclude from having or doing something. Exclusion from Government contracting and subcontracting. [Ref. 13: p. 361]

GOVERNMENT-FURNISHED PROPERTY

- Property in the possession of or directly acquired by the Government and subsequently made available to the contractor. [Ref. 9: p. A-I-8]
- Property in the possession of or acquired directly by the Government, and subsequently delivered or otherwise made available to the contractor. [Ref. 12: p. 135]
- 1. Any item of Government Furnished Property provided to a Government contractor for incorporation in the end articles to be produced under the terms of the contract under which furnished, or otherwise consumed, in the performance of such a contract.
2. All Government material delivered or otherwise made available to a contractor which may be incorporated into, attached to, consumed or expended during production of end items or in the performance of contracted maintenance. This material includes, but is not limited to, raw and processed material, parts, components, assemblies, small tools, and supplies.
3. Material that the Government provides to contractors for use on Government contracts. [Ref. 10: p. 320]

INCENTIVE

- Motivating the contractor in calculable monetary terms (i) to turn out a product that meets significantly advanced performance goals, (ii) to improve on the contract schedule up to and including final delivery. (iii) to substantially reduce costs of the work, or (iv) to complete the project under a weighted combination of some or all of these objectives. (NAVMAT P-4215) [Ref. 10: p. 339]
- Stimulating one to take action, work harder, etc.; encouraging; motivating. --n. something that stimulates one to take action, work harder, etc.; stimulus; encouragement. [Ref. 6: p. 710]

MAJOR SYSTEM

- That combination of elements that will function together to produce the capabilities required to fulfill a mission need. A system shall be considered a major system if-- (a) The Department of Defense is responsible for the system and the total expenditures for research, development, test, and evaluation for the system are estimated to be more than \$75,000,000 (based on fiscal year 1980 constant dollars) or the eventual total expenditure for the acquisition exceeds \$300,000,000 (based on fiscal year 1980 constant dollars); (b) A civilian agency is responsible for the system and total expenditures for the system are estimated to exceed \$750,000 (based on fiscal year 1980 constant dollars) or the dollar threshold for a "major system" established by the agency pursuant to Office of Management and Budget (OMB) Circular A-109, entitled "Major Systems Acquisition," whichever is greater; or (c) The system is designated a "major system" by the head of the agency responsible for the system. [Ref. 7: Part 34.001]
- One of a limited number of end-items composed of subsystems and/or other components which, for reasons of military urgency, criticality, or resource requirements, is determined by DOD as being vital to the national interest. A major system is generally characterized by technical innovation, high unit cost, large size, long lead time and great complexity. [Ref. 10: p. 422]

OFFER

- An act on the part of one person whereby he gives to another the legal power of creating the obligation called contract. [Ref. 5: p. 4-11]
- 1. v. To present for approval or acceptance; proffer; tender.
 2. v. To present for consideration; suggest; propose.
 3. v. a) To present for sale.
b) To bid.
 1. n. The act of offering.
 2. n. Something offered; presentation, proposal, suggestion, bid, etc.

3. n. Law--a proposal supported by adequate consideration, the full and complete acceptance of which constitutes a contract. [Ref. 6: p. 987]
- A response to a solicitation that, if accepted, would bind the offeror to perform the resultant contract. [Ref. 7: Part 2.201]
 - To bid, to present for approval. [Ref. 8: p. 21]
 - Bid where the procurement is advertised, and proposal where the procurement is negotiated. (DAC 76-7) [Ref. 10: p. 483]
 - v. To bring to or before; to present for acceptance or rejection; to hold out or proffer; to make a proposal to; to exhibit something that may be taken or received or not. To attempt or endeavor; to make an effort to effect some object, as, to offer to bribe; in this sense used principally in criminal law. [Ref. 13: p. 973]
 - 1. n. A proposal to do a thing or pay an amount, usually accompanied by an expected acceptance, counter-offer, return promise or act. A manifestation of willingness to enter into a bargain, so made as to justify another person in understanding that his assent to that bargain is invited and will conclude it.
2. n. With respect to securities, the price at which a person is ready to sell. Opposed to bid, the price at which one is ready to buy. [Ref 14: p. 974]
 - 1. The manifestation of willingness to enter into a bargain, so made as to justify another person in understanding that his assent to that bargain is invited and will conclude it.
2. A promise which is in its terms conditional upon an act, forbearance or return promise being given in exchange for the promise or its performance. [Ref. 12: p. 189]
 - A proposal by one person to another which is intended of itself to create legal relations on acceptance by the person to whom it is made. [Ref. 3: p. B-5]

OPTION

- A right, which acts as a continuing offer, given for consideration, to purchase or lease property at an agreed upon price and terms, within a specified time. [Ref. 13: p. 986]
- 1. The act of choosing: choice.
2. The power, right, or liberty of choosing.
3. Something that is or can be chosen; choice.
4. The right, acquired for a consideration, to buy, sell, or lease something at a fixed price, sign or renew a contract, etc. within a specified time. [Ref. 6: p. 999]
- A unilateral right in a contract by which, for a specified time, the Government may elect to purchase additional supplies or services called for by the contract, or may elect to extend the term of the contract. [Ref 7: Part 17.201]

- The right, acquired for consideration, to buy or sell something at a fixed price within a specified time. [Ref. 8: p. 22]
- A legal right to buy or sell something at a specified price, usually within an agreed period of time. [Ref. 11: p. 335]

PRICING

- The process of establishing the amount or amounts to be received or paid in return for providing goods and performing services. [Ref. 16: p. B-8]
- To put a price on; fix the price of. [Ref. 6: p. 1128]
- The act of establishing the amount of money that will purchase a definite weight or other measure of a commodity. [Ref. 8: p. 23]
- The process of establishing the amount or amounts to be paid in return for goods or services. 4 C.F.R. 400.1(a) (1972), Cost Acctg. Stan. Bd. [Ref. 12: p. 208]

PROPOSAL

- 1. n. The act of proposing.
2. n. A plan, action, etc. proposed. [Ref. 6: p. 1140]
- A formal cost reduction proposal, submitted by a contractor to the Government, setting forth a change to contractual documents. [Ref. 10: p. 559]
- 1. An offer; something proffered.
2. An offer, by one person to another, of terms and conditions with reference to some work or undertaking, or for the transfer of property, the acceptance whereof will make a contract between them. [Ref. 13: p. 1097]
- Any offer or other submission used as a basis for pricing a contract, contract modification or termination settlement or for securing payments thereunder. [Ref. 12: p. 215]

PROVISIONING

- The process of determining the range and quantity of items required to support and maintain an end item of material for an initial period of service. [Ref. 2: p. 481]
- A management process for determining and acquiring the range and quantity of support items necessary to operate and maintain an end item of materiel for an initial period of services. [Ref. 10: p. 560]

PURCHASE ORDER

- A purchaser's document used to formalize a purchase transaction with a vendor. [Ref. 2: p. 482]
- The purchaser's document used to formalize a purchase transaction with a vendor. [Ref. 5: p. 31-22]
- An offer by the Government to buy certain supplies or nonpersonal services and construction from commercial sources, upon specified terms and conditions, the aggregate amount of which does not exceed the small purchase limit. [Ref. 7: Part 13.101]
- A purchaser's written document to a supplier formally stating all terms and conditions of a proposed transaction. [Ref. 8: p. 24]
- Document issued by any Federal agency for the transfer of excess, surplus, or foreign excess personal property. [Ref. 10: p. 562]
- A document authorizing a vendor to deliver described merchandise or materials at a specified price. [Ref. 11: p. 386]
- 1. Document authorizing a seller to deliver goods with payment to be made later.
2. A written authorization calling on a vendor or supplier to furnish goods to the person ordering such. [Ref. 13: p. 1111]

SOLICITATION

- The process of notifying prospective bidders that the Government wishes to receive bids on a set of requirements to provide goods or services. [Ref. 2: p. 485]
- Requests for proposals (RFP's) and requests for quotations (RFQ's) other than those excluded by 15.401 and those for information or planning purposes. [Ref. 7: Part 15.407]
- The process of notifying prospective bidders that the buyer wishes to receive bids to provide goods or services. [Ref. 8: p. 28]
- Asking; enticing; urgent request. [Ref. 6: p. 1367]

TECHNICAL LEVELING

- Helping an offeror to bring its proposal up to the level of other proposals through successive rounds of discussion, such as by pointing out weaknesses resulting from the offeror's lack of diligence, competence, or inventiveness in preparing the proposal. [Ref. 7: Part 15.610]

TECHNICAL TRANSFUSION

- Government disclosure of technical information pertaining to a proposal that results in improvement of a competing proposal. [Ref. 7: Part 15.610]

VALUE

- 1. A fair or proper equivalent in money, commodities, etc., esp. for something sold or exchanged; fair price or return.
- 2. The worth of a thing in money or goods at a certain time; market price.
- 3. Estimated or appraised worth or price.
- 4. That which is desirable or worthy of esteem for its own sake; thing or quality having intrinsic worth. [Ref. 6: p. 1568]
- The measure of worth of a thing in terms of money, not to be viewed as a cost. [Ref. 10: p. 732]
- 1. n. Any preferred object or interest there in.
- 2. Attributed worth, expressed in money and applied to a particular asset.
- 3. Hence, loosely, the amount at which an item appears in the books or on a financial statement.
- 4. (Economics) The quantity of other goods (or money) required to be given in exchange for a particular good.
- v. To express individual relative preference for an object or mode of conduct. [Ref. 11: p. 487]
- The utility of an object in satisfying directly or indirectly, the needs or desires of human beings. The estimated or appraised worth of any object or property, calculated in money. [Ref. 13: p. 1391]

APPENDIX C: COVER LETTER AND QUESTIONNAIRE

This appendix presents the cover letter to the questionnaire endorsed by Mrs. Ann Watson, President of the National Contract Manager's Association, and the questionnaire that was sent to 200 NCMA Fellows.

A. COVER LETTER

Dear NCMA Fellow,

Graduate students at the Naval Postgraduate School, Monterey, California, and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Ohio, are conducting research to derive baseline definitions for commonly used acquisition words or phrases. Once this group project is complete, the definitions will be included as part of a professional dictionary of contracting terminology. Due to your experience and expertise in contracting, as reflected in your designation as an NCMA Fellow, we feel that our research can best be accomplished through your review of the synthesized terms.

Attached to this letter is a survey which contains 25 proposed terms; synthesized definitions of these terms will be drawn as a part of this project. Please take a few moments to provide comments on the proposed definitions contained herein.

Communication is of prime importance in our career field and anything we can do to enhance the understanding of contracting's distinctive terminology is time well spent. The purpose of this dictionary will be twofold. First, we expect to provide an educational tool to those unfamiliar with the acquisition process. Second, we hope to provide a reference document for those working in the field. To fulfill our purpose, we wish to draw upon your expertise in order to glean the most comprehensive analysis possible in addressing the terms set forth in the survey.

The National Contract Management Association and the students involved in this research greatly appreciate your taking time to respond to this survey. This contribution to our research will have a lasting effect on the contracting field in providing an essential tool to enhance the educational process imperative in our discipline. If you need any additional details, CPT Richard A. Florek can be contacted by telephone at (408) 647-1980.

Sincerely,

ANN H. WATSON
National President

B. QUESTIONNAIRE

The purpose of this questionnaire is to survey experts in the field of contracting to gain a consensus on the definition of the below listed terms. The following definitions have been synthesized from dictionaries, glossary definitions, Government regulations, or contracting literature.

Your participation will become part of the data base which will hopefully provide a consensus on what the precise definition should be. It is anticipated that this research will lead to the development of a dictionary of contracting terms which can be disseminated among contracting personnel.

Please review each definition and provide any comments which will enhance the overall understanding of the term in question. Also add any synonyms or antonyms which you feel would apply. Feel free to utilize these sheets for your comments.

The phrases below are not an all inclusive listing of the proposed dictionary content, but merely a subset of ongoing research to provide a comprehensive lexicon of acquisition terminology.

1. ACCEPTANCE

1. Exercising unqualified assent to an offer by the one to whom the offer was made.
2. In Government: The act of an authorized representative of the Government by which the Government, for itself or as an agent of another, assents to ownership by it of existing and identified supplies, or approves specific services rendered, as partial or complete performance of a contract.

COMMENT: _____

Synonyms: _____
Antonyms: _____

2. ACQUISITION

1. The act by which one acquires ownership of anything.
2. The act of acquiring supplies or services for the use of an activity through purchase or lease.
3. In Federal Government: encompasses the entire spectrum of actions in acquiring supplies or services through purchase or lease, including construction, whether the supplies exist or not.
4. In major systems: the process of obtaining major systems through the application of the following phases: concept exploration, concept demonstration/validation, full scale development, production, logistic support review, and major upgrade/system replacement.

COMMENT: _____

Synonyms: _____
Antonyms: _____

3. ALLOCABLE

1. Identifiable and distributable amongst two or more objects, activities, or functions.
2. In Government: Usually associated with the allocation of costs amongst cost objectives.

COMMENT: _____

Synonyms: _____
Antonyms: _____

4. BUY-OUT

1. To buy all the stock, business rights, etc.
2. In Government: Awarding of all remaining production of a contract to the winner of a final competition. Usually done towards the end of a production cycle.

COMMENT: _____

Synonyms: _____
Antonyms: _____

5. BUYING-IN

1. The practice of submitting an offer below anticipated costs in order to obtain a contract award expecting to gain benefit through contract changes or follow on contracts or achieve/protect market status.
2. Deliberately underestimating costs to get a program accepted.

COMMENT: _____

Synonyms: _____
Antonyms: _____

6. CHANGE

A buyer or seller proposed modification of the terms of a contract which may alter the original specifications but should not exceed the scope of the contract as originally priced.

COMMENT: _____

Synonyms: _____
Antonyms: _____

7. COMPETITION

1. Opposition, or effective opposition, in a contest or match.
2. In Government: The effort of two or more parties, acting independently, to contend confidently for the Government's business by the offer of the most favorable terms. The term implies the idea of endeavoring by two or more to obtain the same object or result.

COMMENT: _____

Synonyms: _____
Antonyms: _____

8. CONTRACT ADMINISTRATION

1. The management of all actions, after the award of a contract, that must be taken to assure compliance with the contract.
2. In Government: The performance of a contracting officer, or his authorized representative, of acts authorized by terms of a contract or in accordance with provisions of public laws, executive orders, or applicable regulations and instructions of the department assigned administrative responsibility for a contract to include.

COMMENT: _____

Synonyms: _____

Antonyms: _____

9. CONTRACTING OFFICER

A person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. A procuring contracting officer (PCO) who awards the contract or directs changes and additions, an administrative contracting officer (ACO) who monitors the performance of the contract, and a termination contracting officer (TCO) who represents the Government in the event of contract termination.

COMMENT: _____

Synonyms: _____

Antonyms: _____

10. CONTRACTOR

1. Any individual, corporation, partnership or association institution or other entity who contracts to supply certain materials or to do certain work for a stipulated sum.
2. In Government: Any individual or other legal entity that (a) submits offers for or is awarded, or reasonably may be expected to submit offers for or be awarded, a Government contract or a subcontract under a Government contract or (b) conducts business with the Government as an agent or representative of another contractor.

COMMENT: _____

Synonyms: _____

Antonyms: _____

11. COST

- a. The amount of money or equivalent paid or charged for supplies or services before the addition of profit or fee.
- b. The total amount of money or equivalent spent on a system including initial development, procurement, maintenance, operation and disposal costs.

COMMENT: _____

Synonyms: _____
Antonyms: _____

12. DEBARMENT

1. To bar, exclude or preclude from having or doing something.
2. In Government: Actions taken to prevent, for a specified period of time, public contractors or potential contractors, from bidding on, being awarded, or continuing to perform Government contracts as a result of the violations of a statute or regulation.

COMMENT: _____

Synonyms: _____
Antonyms: _____

13. GOVERNMENT-FURNISHED MATERIAL

Any item of Government-furnished property provided to a contractor or comparable Government production facility to be incorporated into, attached to, consumed or expended during production of an end item or in the performance of contract maintenance. This material includes, but is not limited to, raw and processed material, parts, components, assemblies, small tools, and supplies.

COMMENT: _____

Synonyms: _____
Antonyms: _____

14. INCENTIVE

1. Stimulating one to take action.
2. In Government: Motivating the contractor in calculable monetary terms (a) to turn out a product that meets significantly advanced performance goals, (b) to improve on the contract schedule up to and including final delivery, (c) to substantially reduces costs of the work, or (d) to complete the project under a weighted combination of some or all of these objectives.

COMMENT: _____

Synonyms: _____

Antonyms: _____

15. MAJOR SYSTEM

1. System which is critically important, complicated, expensive, controversial, or for any reason should involve top management.
2. In Government: One of a limited number of end-items composed of subsystems and/or other components which, for reasons of military urgency, criticality, or resource requirements, is determined by the Department of Defense as being vital to the national interest.

COMMENT: _____

Synonyms: _____

Antonyms: _____

16. OFFER

1. To bring to or before; to present for acceptance or rejection; to hold out or proffer; to make a proposal to ; to exhibit something that may be taken or received or not.
2. A promise which is in its terms conditional upon an act, forbearance or return promise being given in exchange for the promise or its performance.

COMMENT: _____

Synonyms: _____

Antonyms: _____

17. OPTION

In Government: A unilateral right in a contract by which, for a specified time, the Government may elect to purchase additional supplies or services called for by the contract, or may elect to extend the term of the contract.

COMMENT: _____

Synonyms: _____

Antonyms: _____

18. PRICING

The process of establishing the amount or amounts to be received or paid in return for providing goods and /or performing services.

COMMENT: _____

Synonyms: _____

Antonyms: _____

19. PROPOSAL

1. An offer; something proffered.

2. In Government: An offer, by one person to another, of terms and conditions with reference to some work or undertaking, or for the transfer of property, the acceptance whereof will make a contract between them.

COMMENT: _____

Synonyms: _____

Antonyms: _____

20. PROVISIONING

A process for determining and acquiring the range and quantity of support items necessary to operate and maintain an end item of material for an initial period of services. It includes the identification of items of supply, the establishing of data for catalog, technical manual, and allowance list preparation and the preparation of instructions to ensure delivery of necessary support items with related end items.

COMMENT: _____

Synonyms: _____

Antonyms: _____

21. PURCHASE ORDER

1. A purchaser's written document to a supplier formally stating all terms and conditions of a proposed transaction authorizing the vendor to deliver.
2. In Government: An offer by the Government to buy certain supplies or nonpersonal services and construction from commercial sources, upon specified conditions, the aggregate amount of which does not exceed the small purchase limit.

COMMENT: _____

Synonyms: _____

Antonyms: _____

22. SOLICITATION

1. Asking, enticing.
2. In Government: The process of notifying prospective bidders that the Government wishes to receive bids on a set of requirements to provide goods or services. The process might consist of public advertising, the mailing of invitations for bids, the posting of notices, or telephone calls to prospective vendors.

COMMENT: _____

Synonyms: _____

Antonyms: _____

23. TECHNICAL LEVELING

Helping an offeror to bring its proposal up to the level of other proposals through successive rounds of discussion, such as by pointing out weaknesses resulting from the offeror's lack of diligence, competence, or inventiveness in preparing the proposal.

COMMENT: _____

Synonyms: _____
Antonyms: _____

24. TECHNICAL TRANSFUSION

Disclosure of technical information pertaining to a proposal that results in improvement of a competing proposal.

COMMENT: _____

Synonyms: _____
Antonyms: _____

25. VALUE

1. The worth of a thing in money or goods at a certain time.
2. The utility of an object in satisfying directly or indirectly, the needs or desires of human beings.

COMMENT: _____

Synonyms: _____
Antonyms: _____

ADDITIONAL COMMENTS

APPENDIX D: LCDR RYAN'S PROPOSED DEFINITIONS

The following terms and definitions were taken from LCDR Ryan's thesis,

A Dictionary of Acquisition and Contracting Terms, September, 1988.

ACQUISITION

- (1) The process by which one attains legal possession of something.
- (2) The entire spectrum of actions, from planning through use, in attaining supplies, services, or systems through purchase, lease, or any combination, including construction, whether the supplies, services, or systems exist or not.
- (3) In major systems: the process of obtaining complex systems through the application of the following phases: concept exploration, concept demonstration/validation, full scale development, production, logistic support review, and major upgrade/system replacement.

Synonyms: Contracting, buying, acquiring.

Antonyms: Selling, disposal, divestiture, terminating.

BILL OF MATERIALS

A complete, descriptive and quantitative list of materials, parts, and components required to produce a particular product.

Synonyms: Parts list, parts breakout.

Antonyms: None.

BUYING-IN

A management practice of knowingly submitting an offer below anticipated costs or with no profit or fee with intent to obtain a contract award expecting to gain benefit and recoup losses through contract changes or follow on contracts. May also intend to achieve or protect market status or obtain access to new technology, or for other reasons.

Synonyms: Low-balling, stealing the job, quote low, under estimating.

Antonyms: High-balling, overpricing, monopolistic pricing, quote high, over estimating.

CHANGE

A bilateral modification of the terms of a contract which may alter original requirements.

Synonyms: Revision, alteration, modification, supplemental agreement, altered state.

Antonyms: Permanence, fixed.

CHANGE ORDER

A mutually binding relationship enforceable by law, expressing the mutual assent of two or more legally competent parties to do something they are not otherwise required to do, or not to do something they would otherwise have a right to do, for legal consideration.

Synonyms: Agreement, pact.

Antonyms: None.

CONTRACTING

The entire spectrum of actions associated with obtaining supplies, services, construction from business and industry from initial requirement description through contract completion.

Synonyms: Acquisition, buying.

Antonyms: Disposal, scrapping

COST

(1) The value of resources expended in producing a product or providing a service before the addition of profit or fee.

(2) The total amount of money or equivalent spent on a system, product or service including initial research and development, procurement, maintenance, operation, administration and disposal costs. (See definition of life cycle cost.)

Synonyms: Consideration, charge, total cost (including general and administrative costs, taxes, royalties).

Antonyms: None.

DIRECT COST

Costs specifically identifiable with a contract requirement; including but not restricted to costs of material and/or labor directly incorporated into an end item.

Synonyms: Cost objective, expense.

Antonyms: Indirect cost, overhead, general and administrative costs.

DIRECT MATERIAL

Material, including raw material, purchased parts, and subcontracted items, directly incorporated into an end item, which is identifiable to a contract requirement.

Synonyms: None.

Antonyms: Indirect material, common items.

EXPRESS

Direct; explicit; exact; precise; specific; language which manifests these characteristics and is not left to interpretation or inference.

Synonyms: Explicit, exact, precise.

Antonyms: Implied, ambiguous, general, unclear, inferred, between the lines, imprecise, indirect, assumed, vague.

FEE

(1) A charge for a professional service.

(2) A payment for contractual considerations such as incentives and risks.

(3) A payment in addition to reimbursement of allowable costs on cost type contract.

Synonyms: Profit.

Antonyms: Loss.

GUARANTEE

An assurance of the quality of a product or service from the seller to the buyer often with a promise of reimbursement, reperformance, repair or replacement for failure to perform or function as specified. Usually applies over a specific time period immediately following acquisition.

Synonyms: Warranty.

Antonyms: As is, disclaimer.

IMPLY

To indirectly convey meaning or intent; to leave the determination of meaning up to the receiver of the communication based upon circumstances, general language used, or conduct of those involved.

Synonyms: Infer, read between the lines, hint, suggest.

Antonyms: Express, specify, declare, direct, state.

INDIRECT COST

Any cost incurred for common objectives not directly identifiable with a specific contract requirement or not subject to treatment as a direct cost.

Synonyms: Overhead, general and administrative expense, distributed cost, burden.

Antonyms: Direct cost.

LIFE CYCLE COST

Total cost of ownership of an item or system over its entire lifetime including research, development, test, production, deployment, training, operation, maintenance and disposal.

Synonyms: System cost, total cost of ownership, price plus maintenance expense.

Antonyms: Purchase price only.

NEGOTIATION

(1) A process between buyers and sellers seeking to reach mutual agreement on a matter of common concern through fact finding, bargaining and persuasion.

(2) Government acquisition of supplies or services including construction by other than sealed bidding procedures.

Synonyms: Bargaining, bartering, discussion.

Antonyms: Sealed bidding, force.

PRICE

The amount of money or equivalent paid or charged for supplies or services including cost and profit or fee. (See definition of cost.)

Synonyms: None.

Antonyms: None.

PROCUREMENT

The function of obtaining goods or services using the techniques included in both sealed bidding and negotiation. To be differentiated from acquisition in that the procurement function can occur independently of the acquisition process, but the acquisition process cannot occur without the procurement function.

Synonyms: Buying, obtaining.

Antonyms: Disposal, destruction.

PROFIT

The net proceeds from selling a product or service when costs are subtracted from revenues. May be positive (profit) or negative (loss).

Synonyms: Mark-up, margin, earning, bottom line, return, "in the black."

Antonyms: Loss, "in the red."

PURCHASING

The process of buying commercially available supplies and services utilizing procedures such as purchase orders, blanket ordering agreements, and pre-negotiated schedules. Usually identified further as orders which fall within certain dollar limits.

Synonyms: Buying.

Antonyms: Selling, disposal, scrapping.

QUALITY

All attributes of a product including the meeting of required specifications, reliability, maintainability, ease of use, durability, performance, suitability, and utility which satisfy a given need.

Synonyms: Value.

Antonyms: Cheap, poor, discrepant, not up to specification, unsuitable.

RESPONSIBLE CONTRACTOR

A capable party (has adequate financial resources; can deliver product or service; can deliver on time; operates in accordance with acceptable standards of conduct; has the technical know how) who appears able to satisfactorily fulfill a specific contractual requirement.

Synonyms: Accountable, qualified producer, competent, qualified source.

Antonyms: Nonresponsible contractor, irresponsible, unqualified.

RESPONSIVE

(1) When a bidder fully complies with and does not materially deviate from the terms, conditions, and specifications set forth in an invitation for bids (sealed bid method).

(2) When an offeror materially complies with a solicitation and is capable of being made compliant through discussions.

Synonyms: Capable, qualified.

Antonyms: Non-responsive, non-compliant.

SHOULD COST

An estimate of what an item or system should cost based upon an evaluation by independent reviewers of all applicable contractor business methods (contrasting more efficient methods with present contractor methods). This evaluation should include subcontractor procedures when subcontracting is part of the proposal. The result is utilized to develop realistic price objectives for contract negotiation purposes.

Synonyms: Independent cost estimate, cost analysis.

Antonyms: Will cost, actual cost.

SPECIFICATION

A clear and accurate description of the technical or performance requirements for supplies or services, including the criteria for determining whether the requirements have been met.

Synonyms: Standard, description, statement of work.

Antonyms: None.

WARRANTY

A promise or representation, either express or implied, regarding the nature, usefulness, or condition of supplies, or performance of services to be furnished. Normally applies during a specific time frame of negotiated duration.

Synonyms: Guarantee.

Antonyms: As is.

WILL COST

A projection by an offeror as to what a contract will cost based upon the offeror's best estimate utilizing current methods, historical costs and forecasts.

Synonyms: Bottom line, contractor's estimate.

Antonyms: Should cost.

APPENDIX E: RESEARCH TERMS

This appendix lists those terms that are currently being researched or have been completed by a researcher awaiting further synthesis in Contract Management magazine.

A. LCDR Ryan's List

Acquisition	Bill of Materials
Buying-in	Change
Change Order	Contract
Contracting	Cost
Direct Cost	Direct Material
Express	Fee
Guarantee	Imply
Indirect Cost	Life Cycle Cost
Negotiation	Price
Procurement	Profit
Purchasing	Quality
Responsible Contractor	Responsive
Should Cost	Specification
Warranty	Will Cost

B. CPT Canada's List

Acquisition Plan	Allowable
Competitive Range	Design Specification
Effective Competition	Fair and Reasonable
First Article	In Scope
Letter Contract	Market Survey
Negotiation	Non-developmental Item
Price	Price Data
Procurement	Prudent Man Concept
Responsible	Responsive
Reverse Engineering	Scope of Work
Source Selection	Statement of Work
Technical Analysis	Value Engineering
Weighted Guidelines	

C. LT Daniel Downs' List

Acquisition Strategy	Administrative Change
Certification of Competency	Commercial Item
Configuration Control Management	Cost Data
Cost Principles	Could Cost
Defective Pricing	Engineering Change Proposal
Forward Pricing	Full and Open Competition
Government Title	Market Analysis
Materiality	Materials Management
Post Negotiation Memorandum	Proprietary Data
Reasonable	Request for Quotations
Request for Proposals	Residual Value
Risk	Scrap
Termination Liability	

D. LT Thomas Prien's List

Arbitration	Attachment
Authorized Deviation	Bid
Burden	Caveat Emptor
Caveat Venditor	Commerciality
Comparability	Consideration
Conveyance	Default
Escalation	Escalator
Inventory	Negligence
Overhead	Probability
Rebate	Royalty
Salvage	Sampling
Setup	Termination for Default
Termination for Convenience	

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